I M Schur

THE Public Interest

NUMBER 106, WINTER 1992, PRICE: $5.50

The Education Impasse

What's Really Behind the SAT-Score Decline?
Charles Murray & R.J. Herrnstein

The Real World of Urban Education
Nathan Glazer

Carrots or Sticks for High School Dropouts?
Jackson Toby & David J. Armor

Schumpeter's Curious Politics — *Bernard Semmel*

So Much for "Scarce Resources" — *Stephen Moore*

Was it a Decade of Greed? — *Richard B. McKenzie*

Reassessing Federal Disability Insurance — *Carolyn L. Weaver*

The Science of Cancer — *Richard D. Pollak*

The Census Wars

Peter Skerry

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE Public Interest

NUMBER 106, WINTER 1992

CONTENTS

Schumpeter's Curious Politics	*Bernard Semmel*	3
The Census Wars	*Peter Skerry*	17
The Education Impasse:		
I. What's Really Behind the SAT-Score Decline?	*Charles Murray & R.J. Herrnstein*	32
II. The Real World of Urban Education	*Nathan Glazer*	57
III. Carrots or Sticks for High School Dropouts?	*Jackson Toby & David J. Armor*	76
Was it a Decade of Greed?	*Richard B. McKenzie*	91
So Much for "Scarce Resources"	*Stephen Moore*	97
Reassessing Federal Disability Insurance	*Carolyn L. Weaver*	108
The Science of Cancer	*Richard D. Pollak*	122
Contributors		135

THE PUBLIC INTEREST (ISSN-0033-3557) is published quarterly by National Affairs, Inc., and appears in Winter, Spring, Summer, and Fall issues. Its office of publication is located at 1112 16th Street, NW, Suite 530, Washington, DC 20036. Telephone: (202) 785-8555. Subscription price: $21 for one year, $38 for two years, $54 for three years. Add $3 annually for Canadian and foreign subscriptions. Unsolicited material cannot be returned unless accompanied by sufficient return postage. Second-class postage is paid at Washington, DC, and at additional mailing offices. ©1992 by National Affairs, Inc. Postmaster: Please send all changes of address to *The Public Interest* Subscription Office, Dept. PI, P.O. Box 3000, Denville, NJ 07834. Articles appearing in this journal are abstracted and indexed in *P.A.I.S., Historical Abstracts, ABC Pol Sci, Social Science Index, Sociological Abstracts,* and *America: History and Life,* and are available on microfilm from University Microfilms International. *The Public Interest* is printed by William Byrd Press.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Editors
Irving Kristol and Nathan Glazer

Publication Committee
Martin Feldstein
Harry Kahn
H. J. Kaplan
Charles Krauthammer
Glenn C. Loury
Harry McPherson
Daniel P. Moynihan
Charles Murray
Isabel V. Sawhill
Martin E. Segal
Arthur L. Singer, Jr.
Roger Starr
Irwin M. Stelzer
James Q. Wilson

Executive Editor
Ben Wildavsky

Managing Editor
Vincent J. Cannato

Assistant Managing Editor
Agnes Sagan

Assistant to the Editors
Karis Kercher

Editorial Office
1112 16th Street, NW, Suite 530
Washington, DC 20036

Subscription Office
The Public Interest, Department PI
P.O. Box 3000
Denville, NJ 07834

Newsstand Distributors
Bernhard DeBoer, Inc.
113 Centre Street
Nutley, NJ 07110

Ingram Periodicals, Inc.
1117 Heil Quaker Boulevard
La Vergne, TN 37086

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Schumpeter's curious politics

BERNARD SEMMEL

THE AUSTRO-GERMAN economist and social theorist Joseph A. Schumpeter, who in the 1930s became professor of economics at Harvard and a U.S. citizen, has often been described as John Maynard Keynes's principal rival for the title of greatest twentieth-century economist. In the 1979 Ely Lecture before the American Economic Association, Stanford's Tibor Scitovsky called Schumpeter "America's most brilliant economist," and in 1983, the centennial year of Schumpeter's birth, the social scientist Peter Drucker contrasted Schumpeter's wisdom with Keynes's mere cleverness. Admirers of Schumpeter have waited over forty years since his death in 1950 for a biography to appear. Robert Loring Allen's two-volume *Opening Doors: the Life and Work of Joseph Schumpeter*,† published last year, can only have shocked those who have long regarded Schumpeter as quintessentially liberal in his politics and economics. Allen's revelations—that in the 1930s and throughout World War II Schumpeter was an anti-Semite (well beyond the conventional

†Transaction Books. 682 pp. $69.95.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

anti-Semitism of the time), as well as a supporter of the war aims of fascist Germany and Japan—give cause for sadness.

Born in 1883 in Triesch, Austria, into a well-to-do, middle-class family, Schumpeter took his degree in Vienna in 1906. In his first teaching posts at Czernowitz and Graz he established himself as a *wunderkind* in international economic circles—a young man from whom much was expected. In 1919 he served briefly as Minister of Finance in the postwar Austrian government and was for several years president of a Viennese bank before his appointment to a professorship in economics at Bonn in 1925. He remained there until going to Harvard seven years later.

During the 1930s and 1940s Schumpeter made his reputation by championing a free-market, entrepreneurial capitalism characterized by minimal governmental intervention and an emphasis on savings rather than consumption. This marked him as a leading intellectual opponent of the Keynesian economics that was to become the authoritative view of much of our century. Schumpeter was convinced that capitalism provided the most effective means of economic progress; yet he argued that the beneficiaries of capitalism would seize on its more prejudicial aspects—its appeal to greed or its failure to produce an abstract justice—to turn on it and usher in some form of socialism. This was the thesis of his highly regarded *Capitalism, Socialism, and Democracy*, published in 1942. In the 1960s and 1970s, the attack by radicals on democratic capitalism brought moderate liberals and neoconservatives to an even deeper appreciation of Schumpeter's perceptive analysis of the liberal dilemma.

We now learn that far from being a classical liberal, Schumpeter was a sympathizer with German National Socialism. How could this have been hidden for so long? Readers may recall the surprise that greeted the revelations made by a number of writers in the 1960s concerning the sexual mores of Bloomsbury. The news of Keynes's homosexuality, in particular, was an issue earlier studies of Keynes had neglected. Of course, Keynes's predispositions were common knowledge among his Cambridge contemporaries. But there had seemed no reason to broadcast an irrelevance that, given opinions at the time, might injure his professional reputation. As Allen tells us, Schumpeter's Harvard colleagues of the 1930s and 1940s knew of his ethnic prejudices and political preferences, yet they, too, remained silent. Allen fails to mention that in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a 1951 memorial volume entitled *Schumpeter, Social Scientist*, Gottfried Haberler noted that Schumpeter "gave the impression" of being pro-German but not pro-Nazi during the war years, and this because he felt Germany had "genuine grievances." Schumpeter's other colleagues may not have taken his pronouncements quite seriously—although his remarks made for some social discomfort and even triggered an F.B.I. investigation. A feeling, as in Keynes's case, that such questions had nothing to do with Schumpeter's professional contributions may also have justified concealment.

Making use of Schumpeter's private diaries, Allen reveals that the economist was quite serious about these views. Allen ascribes Schumpeter's anti-Semitism and his support for the Nazis to turn-of-the-century Viennese prejudice and to his having seen Germany as a defender of the West against Slavic barbarism and Bolshevism. Although the necessary materials are presented—often repetitiously—Allen has not grasped the full significance of these prejudices and opinions or attempted to relate these views to Schumpeter's work as a social and economic analyst.

Capitalism and the Jews

Recent scholars have reminded us that anti-Semitism was not an afterthought for Hitler and the Nazis. It was central to their view of the world. On the model proposed by the infamous *Protocols of the Elders of Zion*, they saw a cabal of powerful, secretive Jewish financiers making all the critical decisions of global politics. Not the creative, entrepreneurial industrialists, but the parasitical finance capitalists of Wall Street and the City of London (under Jewish leadership and control) were the true rulers of the world, oppressing in their own interests "proletarian nations" like Germany, Italy, and, later, Japan. Although Schumpeter idealized the role of the industrial entrepreneur, as did other economists from a wide range of perspectives, there is no evidence that he shared the corollary view of a Jewish financiers' conspiracy so common to nineteenth- and twentieth-century anti-Semites. Indeed, Schumpeter ridiculed the "myth" of Jewish financial rule.

Schumpeter's anti-Semitism was more typical of the Austro-Hungarian aristocratic, bureaucratic, and academic elite to which he belonged. Although his father was a Moravian textile manufacturer, his social-climbing mother tried hard to give him a German

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and aristocratic identity. Her second marriage to a retired lieutenant field marshal (upon whom a "von" had been bestowed), together with Schumpeter's scholastic ability, secured his admittance to the aristocratic Theresianum, the best *gymnasium* in Vienna. Schumpeter emulated the aristocrats he encountered at school, adopting a high-spending life style well beyond his means. This became a lifelong pattern. From his earliest years until the mid-1930s, he was almost always in debt, most seriously perhaps in the mid-1920s after a brief and disastrous few years as president of the failing, Jewish-connected Biedermann bank in Vienna.

Allen dismisses the rumor that Schumpeter's anti-Semitism was intended to mask his own Jewish origins. Apparently a number of his Harvard colleagues wondered at his stereotypically non-Aryan features (aquiline nose, thick lips, prominent ears). Allen probes deeply into this question and, having investigated local Austrian and Czech records for generations past, finds no evidence of Jewish lineage. He does record, in an endnote, that at least one of Schumpeter's Austrian associates of the mid-1930s, the economist Fritz Machlup, spoke openly of Schumpeter as a Jew. Whatever the truth in the matter, Schumpeter could hardly have been unaware of such speculation.

Schumpeter believed not that Jews were inferior, but rather that their racial superiority led to their being "early bloomers" who "unfairly" secured "more rewards than they deserve in free competition." This, at any rate, is what he told the young Paul Samuelson, perhaps his best student, and a future Nobel Laureate in economics. In the usual mode of anti-Semitism, he saw the Jews as clannish, even racist, and referred to them as "Hebes" or "Asians." In the mid-1930s, he observed that the Nazis had a "point" in denying that all races were equal. Their error was in not seeing that the Jews were the true "master race." "What is the greatest achievement of our civilization?" he asked. "Modern capitalism! Which race has made perhaps the largest contribution to that achievement? The Jews!" It was not uncommon for anti-capitalist writers—both on the left and the right—to identify the new capitalism with Jewish avarice and usury. Marx himself had written in such terms. But as one of the leading defenders of the capitalist system, Schumpeter might have been understood as intending praise, not blame. Yet the blade was double-edged.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Wartime sympathies

In Schumpeter's early years his ideal was liberal England, and his hope was to bring the Austro-Hungarian state and economy closer to the English model. His goal was to make the Hapsburg state a limited, constitutional monarchy, supported by a paternalistic aristocracy, and governing a capitalist society. Hapsburg actualities were quite removed from this ideal but Schumpeter believed that the future might see its realization. In 1906 and 1907 Schumpeter lived in England, married an English woman, and emerged a complete Anglophile. He believed England the most civilized country in the world and even preferred its triumph in the war of 1914 over that of his own country. Schumpeter saw a dynastic, protectionist Germany, Austria's ally, as a quasi-feudal atavism, while a liberal, free-trade England represented the ideal toward which less-advanced or less-enlightened countries were moving.

But by the 1930s, Schumpeter's view of England had become one of antagonism. In a 1943 entry in his diary, with the Second World War well advanced, Schumpeter insisted that "I cannot understand at all this revirement [reversal] of my sympathies since 1916." In a diary entry a year earlier, after the 1942 Allied landing in North Africa, he foresaw with abhorrence the possible defeat of Germany and a future world "ruled by the English ideas and Russian Jews."

Schumpeter had been anti-German both during and after the First World War. After the break-up of the Hapsburg empire, he strongly opposed the efforts of many of his fellow countrymen to bring about an *Anschluss* (union) of Austria and Germany. Fearing that an *Anschluss* would subordinate the interests of Catholic Austrians to Protestant Prussians, Schumpeter had another goal in mind. What he wished for postwar Austria was the leadership of an economic federation. He envisioned Vienna as the financial center of the newly independent nations of Central Europe, playing the same part regionally that the City of London had long played internationally. But the rival nationalisms of the region doomed this dream of an informal Austrian *Mitteleuropa*. When Schumpeter accepted his Bonn professorship in 1925, he automatically became a German citizen without, Allen assures us, yielding his earlier distrust for Germany.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Allen tells us that Schumpeter took little or no interest in either German or Austrian politics. Yet it was during this Bonn period that Schumpeter became increasingly sympathetic to the Nazis and their cause and, correspondingly, hostile to England and English ideas. Allen sees Schumpeter as having an "unusually low" understanding of "practical politics." On more than one occasion, he describes Schumpeter as confused about his own opinions, though elsewhere he writes of Schumpeter's having "firm personal values and political views." Yet Schumpeter's attitude toward the Nazis was not merely a transient aberration, but an opinion he maintained with some consistency for over fifteen years. "Fortunately," Allen notes, "no one paid any attention to his political views," which did not emerge in his writings.

In 1931 and 1932, Schumpeter advised some of his students to join the Nazi party to offer it sound advice on economic matters, and at the same time further their careers. In a farewell speech at Bonn in 1932, he declared that the Nazi party was "like a monster of infinite impulse," capable of producing "either catastrophe or glory" for the German people. He urged his students to "orient" themselves to parties with "non-rational programs" since these had the greatest possibility of success. None of his students apparently heeded this counsel. Allen speculates that Schumpeter was attracted to the Nazis because he sympathized with their acceptance of bourgeois values (discipline, saving, and family) and their stress on racial purity.

Before leaving Bonn for Harvard, he confided to his diary that he "had to leave" Germany because "everyone who is close to me and with whom I could work stand on one side"—in opposition to Hitler. "And what I feel in my innermost self is around Hitler." (From his later pronouncements we may assume that he meant Hitler's ideas, not the dictator himself.) Schumpeter would be no more comfortable at Harvard, where his pro-Nazi remarks produced puzzlement and some dismay. As Nazi aggression in Europe proceeded and war became likely in 1939, he urged concessions to Hitler rather than a war that would destroy European civilization and, even if Hitler were defeated, bring fascism to the West (which Schumpeter maintained would be compelled to ape totalitarian methods in order to overcome Germany). England's opposition to the Nazis was undermining Germany's historical role of containing the Slavs. At this time he also criticized Western pres-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sure on Japan, which Allen tells us was one of Schumpeter's two favorite countries—the other being Germany. In 1938, Schumpeter had declared in his diary that "We must have either Hitler or else the Jews." A year later, while declaring himself hostile to Hitlerism and "the Prussian and fat German pig face," he nonetheless confessed he was now "partisan" and as "anti-Semitic as Schmidt or some kind of rich German-American."

When war came in 1939, Schumpeter was confident of a German triumph. Such a victory would produce greater stability in Europe. As for "Hitlerism," it was a new "religion" that could only be beaten by another religion. Until the United States entered the war in December 1941, Schumpeter believed that America should attempt to bring Britain and Germany to a compromise, one that would preserve continental hegemony for Germany. There were two enemies of such an arrangement—Churchill and Roosevelt. Schumpeter found Roosevelt's motives doubly suspect. First, Roosevelt was an Anglophile determined to find an opportunity to bring America into the conflict. Second, Schumpeter feared the American president might use the war to bring fascism to the United States. Schumpeter had for some time been critical of the New Deal's statist attempts to mitigate the Depression when a more passive reliance on the free market would have produced more effective results; he believed war would provide a further opportunity for Roosevelt to actualize the corporativist sympathies displayed in his earlier support for the National Recovery Act. After America entered the war, Schumpeter hoped for a negotiated peace instead of an unconditional surrender. A diary entry in March 1943 notes his "deepening despair"; he had become convinced that Germany and Japan might lose the war, adding "why do I grieve so much I'd like to know." Nonetheless, as late as 1944, Schumpeter told friends that Germany might not be defeated after all.

Schumpeter's views were sufficiently known that he was not among the economists invited to participate in the 1944 Bretton Woods meeting to set down postwar trade and financial policy. Though the usual view of that conference is one of a triumph of American policy over that of England (and of Keynes, who led the British delegation), Schumpeter regarded the result as a British victory—the "beginning of reconquest of America." In his diary he

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

noted that the "U.S. can defend herself against a world of enemies, but who is to protect her from her allies?"

After the war, Schumpeter continued his course of sympathy for Germany and its ideas. The war-crimes trials made him unhappy because of their reliance on retroactive criminal laws. Although he denounced the Holocaust, he saw it as connected to the German war effort, though he did not explain how. He denied—in the manner of recent revisionists—that six million Jews had been killed. Probably only two million had perished, which for him somehow lessened the crime. He didn't like "Jewish philosophers[,] for theirs is a Jewish philosophy," adding that "racial creed is the Jewish creed," and he worried about the political influence of the "New York Jews." Even as he deplored racism on the part of the Jews, he praised a eugenic science that would seek to improve racial stock. "We could solve all the problems of this country," he declared, "if we limited citizenship to people whose parents were born here ... even better, whose grandparents were born here." Now and then some uncertainties on the matter appeared, as when he asked "Am I losing my faith in race?"

The inevitable end of capitalism

By the late 1930s, Schumpeter may have been losing his faith in what for him mattered more than race—his conviction of his own genius. One of the best-known stories about Schumpeter concerned his three wishes for his life: as one of his friends reported, they were "to be the greatest lover in Vienna, the best horseman in Europe, and the greatest economist in the world."

One wonders how much his long rivalry with Keynes influenced his antipathy toward England and English ideas. If Schumpeter wished to become the world's greatest economist, in which of the discipline's subfields would he best qualify? He tried and failed to make the kind of breakthrough that Keynes had made in the critical fields of general theory or the theory of money. Although always urging the use of mathematics in economics, and despite considerable efforts, he never succeeded in mastering the mathematics necessary to make an original contribution in this area. His 1939 work, *Business Cycles*, on the other hand, was a good economic history, and his posthumously published *History of Economic Analysis* proved a brilliant performance. But no reputation as an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

economist (much less the world's greatest) could be based on mere histories of events or theory. By the mid-1930s, there was just one possibility open for him—that of economic prophet—and his 1942 volume, *Capitalism, Socialism, and Democracy*, was designed to secure that prize.

We recall Schumpeter's ambiguous relationship with capitalism: he believed it to be the greatest accomplishment of our civilization but foresaw its certain death, of non-rational causes, at the hands of the well-meaning liberals who benefited from it but could not abide its unlovely aspects. Certain Austro-Marxists in the early part of this century entertained similar views, and Schumpeter had come to know and respect them as fellow members of the economist Eugen von Böhm-Bawerk's University of Vienna seminar in 1905 and 1906. When socialism came to power in Germany in 1919, two of these Marxists (Rudolf Hilferding and Emil Lederer) invited Schumpeter to join a Socialization Commission to formulate plans for the public takeover of parts of German industry. It was well known that he was not a Marxist or even a socialist, but Hilferding and Lederer believed him sympathetic to their views, and Schumpeter happily joined the commission. This appointment led to Hilferding's recommending Schumpeter to Otto Bauer, another former seminar member and in 1919 the leader of the Austrian Socialists, as State Secretary of Finance in Austria's coalition government. Schumpeter accepted the post, only to be excluded from the government later in the year because of his reluctance to proceed too rapidly on a socialist path, and more immediately because of his lack of sympathy with Bauer's hope for an *Anschluss* with Germany.

For these Austrian Socialists, and for continental socialists generally, Karl Marx was the supreme intellectual figure. Schumpeter could not help but be impressed with the veneration in which Marx was held as an economist and sociologist—and prophet. (This was all the more surprising since, as the revisionist wing of prewar German social democracy pointed out, all his predictions of immiseration and impending capitalist collapse were already proving false.) Schumpeter, too, became one of Marx's admirers, believing his economics to be a considerable scientific achievement despite the deficiencies of his method. When arriving in England early in the century, Allen tells us, Schumpeter delighted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in being able to sit at the same desk that Marx had occupied in the British Museum's reading room.

The first chapter of *Capitalism, Socialism, and Democracy* was titled "Marx the Prophet." Schumpeter argued that Marxism was a religion, with "a system of ultimate ends" and a "plan of salvation," and that this explained its success. At times, Marx had been obliged to put aside the logic of his system in order "to forge such weapons" as might be necessary "for the arena of social strife." But Marx was more than "a purveyor of phraseology." He preached "to millions of human hearts the Marxian message of the terrestrial paradise of socialism," an inevitable result of History's dialectical logic. Moreover, this message was designed to be "acceptable to the positivist mind of its time," addressed to the "thwarted and ill treated" and announcing "socialistic deliverance" by arguments "amenable to rational proof."

Schumpeter especially admired the *Communist Manifesto*'s readiness to attribute to the bourgeoisie the immense accomplishments of nineteenth-century European society—the creation of a worldwide civilization, great cities that rescued millions from "the idiocy of rural life," and "more colossal productive forces" than all previous societies combined. This accolade for the "*bourgeoisie alone*," Schumpeter noted, was more than "many thoroughly bourgeois economists would claim," and was at the opposite pole of the abuse of the middle classes by vulgar Marxists and Veblenite radicals. (Schumpeter added that in discussing the achievements of capitalism, he himself would imply no more than what Marx conceded in the *Manifesto*.) Finally, Schumpeter concluded, "even in pronouncing *pro futuro* death sentence" on capitalism, Marx had nonetheless recognized its "historical necessity."

In this 1942 work, setting down fully an analysis and a prophecy that he had anticipated in various articles and talks for over a decade, Schumpeter, like Marx, was predicting the inevitable end of capitalism, despite its enormous accomplishments, and the coming of some kind of socialist state. Marx had wished to replace "the true psychology" of the working man—his ambition to become a small bourgeois—with "class consciousness," Schumpeter observed. Similarly, Schumpeter saw the genuine aspirations (the "true psychology") of the middle classes, in favor of private property and bourgeois values, undermined by intellectuals and ideologues pursuing their own very different goals. Critics faulted Marx for not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

having discussed the details of his future socialist society. Schumpeter, going beyond Marx, compared the blueprints of various socialist societies, and concluded—unlike most free-market economists—that socialism could work, that it could be made efficient, and, finally, that a socialist society was compatible with democracy.

The free-market and liberal ideal had been crippled by World War I, which brought government into the economy in quasi-totalitarian fashion. The depression of the 1930s seemed an even more crushing blow. The explosion of tribalistic nationalism (economic as well as political) in Central and Eastern Europe, and the coming of fascism to Italy and Germany, might also have helped to persuade a liberal Schumpeter that the preeminence of English ideas and of the City of London (long denounced by Anglophobes and by anti-capitalist and anticommunist national socialists as controlled by the Jews) was over. Even England had had socialist governments in the 1920s. In 1939 Schumpeter openly abandoned his early theory of imperialism as a feudal atavism, and accepted the Austrian socialist Karl Renner's theory of social-imperialism—the co-option by the governing classes of the working classes by offering them rewards for joining in expansionist schemes. A liberal Schumpeter had in 1919 pronounced such a popular imperialism impossible in the modern world. By the 1930s, as the German example suggested, it had proved all too realizable. There were many other intellectuals besides Schumpeter who saw in all this "the wave of the future," and welcomed it.

Schumpeter believed that after Germany had won the war, the religion of Hitlerism, for which there would no longer be a need, would diminish and in time pass away. What Schumpeter apparently hoped for as a more humane and realistic solution to Europe's and the world's dilemma was the kind of clerical-corporative state envisioned by the 1931 papal encyclical *Quadrigesimo Anno*. He looked to the Church as providing the non-rational, emotional framework for such a society and economy, combining much of the efficiency of capitalism with a more acceptable moral base. (Franco's Spain as well as the Nazi-supported clerical republics of Slovakia and Croatia were self-conscious efforts along these lines.) In 1938, he wrote in his diary of "the Catholic hierarchy as the solution in Europe," and this "even for the Jewish

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

question," which was "the most important and the most hopeless of our time."

If a cosmopolitan, liberal capitalism was a thing of the past, and something like Hitler's Germany were the future model, a clear-thinking analyst must not only make way for this future but also believe that the sharp confrontation that war posed between what was and what must be would be decided in favor of the latter. Schumpeter, one may suggest, could not cheer for the side that History had doomed. Indeed, he may have seen the victory of the democracies—a probability he long refused to accept—not merely as postponing the inevitable, but as calling his long-term prophecy of the end of capitalism into question.

A failed prophet

Schumpeter's double role as prophet and scientist made for contradictions that may in part have reflected his pro-German bias. As a prophet, he might accept a non-rational national socialism and Hitlerism as necessary for Germany, with its peculiar geographical situation and historical grievances. America was held to a different, more scientific standard. Thus he condemend Roosevelt's departures from the free market as wrong-headed and potentially liable to lead America toward fascism. But, in the long term, Schumpeter believed that American capitalism would also be compelled to surrender to the non-rational forces that must triumph over the less potent, rational ones.

The 1945 victory of the Allies was a triumph for democracy and for liberal capitalism. English ideas and the Jews—the special enemies of the opponents of democracy and capitalism—had proved victorious over a xenophobic, totalitarian tribalism. Although the war had not brought fascism to America, as Schumpeter thought it might, the role of the state in society and the economy had certainly increased. When Schumpeter died in 1950, disappointed at many of the results of the conflict, among them the heightened power of a Communist Russia, he still had reason to believe that his prediction of the end of capitalism would be justified, but not as soon as he had earlier imagined. Decades later, particularly during the radical 1960s and 1970s, Schumpeter's insights into the relationship between liberal democracy and capitalism seemed even more pertinent to the fate of the system. Anti-capitalist intellectuals, suffering from what he had called an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"ideological vitiation," which distorted the facts and disrupted the ordinary logical processes, were undermining what Schumpeter saw as an objectively healthy and beneficial system.

In the past few years, we have seen the collapse of communist states in the Soviet Union and Central and Eastern Europe, and the attempts of many of their present leaders to establish an open society and a free market. Almost everywhere, the methods and goals of liberal capitalism are newly appreciated. If only for a historical moment, the free market and the price system that Western radicals have criticized as unworkable and unjust for well over a century now seem vigorous and almost beyond attack. Today we may even find it difficult to recall how recent this revolution in opinion has been. Schumpeter could no more have believed such an outcome than could have Marx, after whose prophesies Schumpeter patterned his own.

While denying he wished to establish a school, Schumpeter clearly missed having disciples. Allen suggests that he was too tentative in the opinions he held and, in any event, thought the advancement of policy inappropriate for a professional economist. These factors prevented the formation of a band of eager and ideologically devoted acolytes such as gathered about theories of Marx or Keynes. Paul Samuelson recently wrote that Schumpeter had "a certain condescension or contempt toward the economist who compromised his scientific birthright for a mess of populist pottage." Schumpeter believed himself a scientist, and consequently unable to appeal to those who required non-rational ideologies to command their enthusiasm. In this last, one may argue, he was mistaken.

A critic might well see Schumpeter's world view as one distorted by what became an ideological obsession, one widely shared by Western intellectuals and resembling the "populist pottage" he detested. Although correct in understanding the non-rational concerns that drove many radical critics of capitalism, he became convinced, without substantial evidence, that these critics would be capable of destroying the free-market system. Thus far, despite occasional heavings and shoutings, this has proved as much a delusion as Marx's prediction of proletarian revolution. (This "ideological vitiation," one may suggest, led Schumpeter not only to foresee the triumph of the national-socialist wave of the future—though he preferred a clerical-corporatism as a more benign alter-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

native—but also to look on Hitler's Germany with, to say the least, a curious equanimity, when he was not fully sympathetic.) By Schumpter's own standards, his analysis and forecasts were seriously in error. For this reason alone, whatever his contributions to economics, sociology, or history, Schumpeter may be remembered, as perhaps Marx will be, primarily as a failed prophet.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The census wars

PETER SKERRY

LAST JULY, amid much controversy, Secretary of Commerce Robert Mosbacher announced that the Bush administration would not take advantage of sophisticated statistical methodology to adjust the 1990 Census figures. The Census Bureau had already reported its failure to count 5,268,127 individuals and Census Bureau Director Barbara Bryant publicly advocated adjustment. Still, the perceived political stakes were so high that Secretary Mosbacher's decision surprised no one. Neither has litigation initiated by New York, California, and other states to force the Bureau to give them the adjusted numbers it refused to release back in July. One unanticipated development came on November 19, 1991, when the House Subcommittee on Census and Population ordered Mosbacher to turn over the adjusted data. Refusing to release all the data, or even to appear at a December 11 hearing, Mosbacher outraged subcommittee chair-

I am grateful for the support of the William H. Donner Foundation. I would also like to acknowledge the work of my research assistants, Anil Kakani and Michael Hartman.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

man Thomas Sawyer (D-OH), who promptly accused the commerce secretary of "standing outside of compliance with the law."

With the controversy off the front pages and in the courts, this is an opportune time not only to examine the merits of Mosbacher's July decision, but also to see what this policy dispute tells us about our political institutions more generally. Despite obvious partisan considerations, the decision not to adjust was a prudent one that can be defended on principled grounds infrequently articulated during the recent debate. Adjustment arguably flouts the constitutional mandate for an actual counting, or "enumeration," of the population for purposes of congressional reapportionment. It also risks undermining public confidence in the decennial census. Moreover, adjustment would not advance the political prospects of the undercounted minority groups who are its intended beneficiaries. Indeed, the adjustment controversy offers insights into how our justifiable anxieties about the plight of minorities—blacks in particular—distort our politics and lead to expectations far outrunning what the Framers originally envisioned would be placed on our institutions. We now appear to be reaching the sociological and administrative limits of how good such a massive field operation can get, dependent as it is upon the cooperation of our nation's diverse and far-flung population. Thus, the pressure for statistical adjustment of the census will continue.

How bad is the undercount?

In its 200-year history the census has had a far from flawless record. As early as 1790, President Washington suspected that the first census count, at 3.9 million, was too low. So did Thomas Jefferson, who complained that "the omissions have been very great," and claimed that there were upwards of four million Americans. Historian Margo Anderson reports that in 1850 census schedules for several counties in the new state of California were burned. With data on only 92,000 out of an estimated 165,000 individuals, the census director argued that California deserved two seats in the upcoming reapportionment. Congress, locked in competition between slave and free states, accepted this figure, but not without prolonged wrangling that lasted until late in 1852.

Despite such historical precedents, the furor over the 1990 undercount would lead one to believe it among the worst such efforts in our history. In fact, Secretary Mosbacher was not far off

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the mark when, in defense of his decision against adjustment, he asserted that the 1990 Census was "one of the two best censuses ever taken in this country." As the first column of Table I reveals, the 1990 undercount of 1.8 percent has been bested only by the 1980 Census, whose unprecedentedly low undercount of 1.2 percent was an anomaly that has never been fully explained. Putting 1980 aside, Table I also reveals a half century of census improvement, with steadily diminishing undercounts for the overall population, for non-blacks, and for blacks.

Yet Mosbacher's assertion was also misleading. Undoubtedly the most scrutinized enumeration in our history, the 1990 Census was the first since 1940 that failed to improve on the previous decade's overall undercount. The Secretary also evaded the central criticism of census critics, who have all along objected to the differential undercount of blacks and non-blacks. As Table I reveals, that differential was worse in 1990 than it had been in 1980. (It was also slightly worse than in 1970, but the difference is not statistically significant.) Thus, when critics charge that the 1990 black/non-black differential was the worst in half a century, they are arguably correct, though barely so.

Table I. U.S. Census Undercount, Revised Figures[a]

Year	overall undercount (percent)	black undercount (percent)	non-black undercount (percent)	black/ non-black differential
1940	5.4	8.4	5.0	3.4
1950	4.1	7.5	3.8	3.6
1960	3.1	6.6	2.7	3.9
1970	2.7	6.5	2.2	4.3
1980	1.2	4.5	0.8	3.7
1990	1.8	5.7	1.3	4.4

[a]Source: *Estimating Coverage of the 1990 United States Census: Demographic Analysis*, presented by J. Gregory Robinson, Bashir Ahmed, Prithwis Das Gupta, and Karen Woodrow at a meeting of the American Statistical Association, August 20, 1991.

In this regard, it is worth noting that Table I presents revised figures that were released about one month before Mosbacher's July decision to correct for pre-1990 methodological errors. Table II presents the unrevised figures, which also showed that the overall undercount for 1990 was the second best on record, and indicated that the 1990 black/non-black differential was the lowest since 1940. Even these earlier, more encouraging figures, however,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

never had much impact on census critics, who have consistently argued for adjustment regardless of the data. But more important, these two sets of numbers underscore that the levels of precision attainable here are hardly as high as the critics' rhetoric implies.

Table II. U.S. Census Undercount, Unrevised Figures[a]

Year	overall undercount (percent)	black undercount (percent)	non-black undercount (percent)	black/ non-black differential
1940	5.6	10.3	5.1	5.2
1950	4.4	9.6	3.8	5.8
1960	3.3	8.3	2.7	5.6
1970	2.9	8.0	2.2	5.8
1980	1.4	5.9	0.7	5.2
1990	1.8	5.7	1.3	4.4

[a]Source: All figures prior to 1990 are from *Evaluating the Quality of Estimates of Coverage Based on Demographic Analysis*, presented by J. Gregory Robinson, Prithwis Das Gupta, and Bashir Ahmed at a meeting of the Population Association of America, May 3, 1990. Data for 1990 is from *Estimating Coverage of the 1990 United States Census: Demographic Analysis*, presented by Robinson, Ahmed, Das Gupta, and Woodrow at a meeting of the American Statistical Association, August 20, 1991.

However modest or inadequate, improvements in census coverage have come in spite of demographic trends that enormously complicate the Bureau's mission: substantial immigration, more women working outside the home (thereby depriving the census both of potential enumerators and respondents), and more varied living arrangements. Indeed, census advances have been neither accidental nor inexpensive. For example, in 1990 the Bureau's outreach efforts included hiring former migrant workers as enumerators to go into the fields and labor camps, and retaining minority public-relations firms to conduct publicity campaigns targeted to specific minority groups. In addition, the Bureau's highly publicized (and much criticized) "S-night" count of the homeless represented a massive new undertaking. As a result, since 1970 the per person cost of the census has almost tripled—from $2.32 to $6.59 (in constant 1980 dollars)—and expenditures targeted specifically at improving coverage have increased over 840 percent.

A leadership vacuum

An early sign of trouble with the 1990 census was that only 65 percent of mail questionnaires were returned without in-person follow-up, compared to 75 percent in 1980—even though the forms

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were essentially unchanged. Subsequent investigation by the Bureau indicates that the actual return rate was a bit higher, but still lower than for other recent censuses. There has been much speculation about the public's disaffection with unsolicited mail, but recent surveys sponsored by the Bureau tend to discount this possibility.

Although there are as yet no definitive explanations for the 1990 undercount, at least one contributing factor has been a management and leadership vacuum at the Bureau. During the 1980s several key Census Bureau positions went unfilled—not least the position of Census Director, unoccupied for most of 1989. After its first nominee was rejected by Congress as too partisan, the Bush administration took its time coming up with a second candidate. As a result, the present director, Barbara Bryant, assumed her post only a few months before the census forms were mailed.

This episode was preceded by several years of turmoil at the Bureau. In 1987, for example, Barbara Bailar resigned in protest as Associate Director for Statistical Standards and Methodology. As head of the division charged with developing the post-enumeration survey that would (at least in theory) permit an adjustment of the census, Bailar claimed that the Reagan administration had decided on political grounds not to use what she considered a statistically valid methodology.

Prior to this controversy there had been a barrage of more than fifty lawsuits contesting various results of the 1980 Census. Typically initiated by parties complaining of undercounts, such suits may have exacerbated the problem. Once involved in litigation, Census Bureau professionals were instructed to refer outside inquiries about their work to Commerce Department lawyers. Concurrently, with increasing attention focused on the 1990 Census and possible adjustment, officials at Commerce began to assume a greater oversight role in Bureau affairs. For an agency long accustomed to operating like a collegium with considerable professional autonomy, these changes have been hard to accept. One predictable outcome has been the demoralization of staff, already disheartened by budget cuts during the 1980s. Some staffers have endured the changes. But many have left the Bureau, and the result has been diminished operational knowledge about mounting the once-a-decade effort. It is hardly surprising that Vincent Barabba, Census Director under Presidents Nixon and Carter, has

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

been extremely critical of these developments. As he testified before Congress this past summer:

> The statistical agencies of our government, like the Bureau of Labor Statistics and the Census Bureau, have developed their well-deserved brand equity over a long period of time. It is my judgment that the Census Bureau has received more supervision than it needs in the conduct of the 1990 Census—supervision which, in my mind, has contributed to the current controversy.

The limits of accuracy

Despite the improvement in the overall black undercount noted above, the census has also been confronted for some time now with persistently high undercounts of black males. While the undercount for blacks generally in 1990 was 5.7 percent, for black males aged twenty to twenty-nine it was 10.1 percent, and for those aged thirty to forty-four it was 12.4 percent. Even though these specific rates actually represent a slight improvement over 1980, they are viewed as embarrassingly high for the Bureau.

Similarly embarrassing has been the undercount for Hispanics. In 1990 the overall Hispanic undercount was 5.2 percent. One major problem facing the Census Bureau when it tries to count Hispanics is the presence of hundreds of thousands of illegal immigrants. Understandably eager to avoid government officials, illegals are extremely difficult to count. Indeed, the Census Bureau estimates that only 70 percent of all illegals in the country were counted in 1980 (comparable estimates for 1990 have not yet been developed).

Yet the impact of the steadily increasing number of illegals on the undercount is seldom noted. The total number of uncounted Hispanics is now estimated at over 1.2 million. Excluding the 792,000 uncounted Hispanic illegals from this figure[†] reduces the overall Hispanic undercount to 445,000, or from 5.2 percent to 2.1 percent. In other words, the undercount about which Hispanic leaders have expressed such outrage is substantially accounted for by the presence of illegal immigrants.

[†]This calculation rests on the conservative assumption that 80 percent of the 3.3 million illegals estimated by the Census Bureau to be living in the United States as of 1990 are Hispanics, and that 30 percent of illegals were uncounted in 1990 (as in 1980).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I do not mean to suggest here that these illegal immigrants should be excluded from the census. Indeed, I believe it is practically and constitutionally impossible to do so. Yet neither is it reasonable to expect that all or even most illegal immigrants will be counted. Thus, the great difficulties of counting illegals should be acknowledged when evaluating the Census Bureau's undercount record, and when evaluating the frequent claim (which I will take up below) that the undercounted are being denied representation. For while it is clear that illegal immigrants should be counted in the census, it is hardly evident that they are entitled to political representation.

In general, it is difficult to get impoverished minorities to cooperate with the census. In the nation's barrios and ghettos, trust in one's neighbors—much less in strangers asking questions for the government—does not run high. In such neighborhoods, the Bureau's well-deserved reputation for zealously guarding the confidentiality of its data counts for little or nothing. A typical concern is the fear of losing social-welfare benefits. The National Research Council of the National Academy of Sciences states the problem straightforwardly, if cautiously, in its 1985 report, *The Bicentennial Census*:

> There are ... indications that in these areas [minority neighborhoods] the largest number of individuals are missed through incomplete reporting of household members rather than through failure to enumerate the households themselves. In particular, demographic studies using sex ratios seem to indicate that a disproportionate number of adult black males are missed by the census. Other studies suggest that it is unrealistic to expect improved traditional interview or self-enumeration procedures to increase substantially the coverage of such individuals.

If the problem is not that the census misses entire minority households, but that having found such households, it is unable to secure the cooperation of the residents, the question arises as to how much more improvement can be expected. And, of course, a similar question arises with regard to counting illegals.

Such problems may well be intractable, and will continue to be invoked as grounds for adjustment. Thus, Congressman Sawyer argues that minority undercounts will be eliminated not by spending more money, but by abandoning traditional census techniques in favor of advanced methodologies such as statistical adjustment.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Political and fiscal impact of adjustment

The rationales for this kind of adjustment have been widely discussed. An obvious focus of concern is the drawing of new congressional and other legislative district lines. Yet the stakes here have been wildly exaggerated. After a careful examination of the evidence, the National Research Council concludes that even with adjustment for missed persons "the possibility of a shift in the number of congressional districts for the regions of a state was very small." The Council report continues: "Chances of a shift in state legislative districts or city council districts were somewhat greater, but still small."

Receiving much more attention than redistricting has been the fiscal impact of any census undercount on state and local governments. Typical was a *New York Times* article on July 15, 1991, the day Mosbacher rendered his decision, entitled "Decision Today on Adjusting the Census," and tellingly subheaded "At stake: the distribution of $59 billion in Federal aid." Throughout this debate, such huge figures have been bandied about by adjustment advocates and uncritically picked up by the media. But on closer inspection, such numbers prove to be quite misleading.

The National Research Council's review of the evidence concludes that "coverage errors [that is, undercounts] affect fund allocation, but to a relatively small degree." More generally, the Council's report emphasizes the complexity of this question and the dearth of available data. It notes that because income and housing data play a more important role in federal funding formulas than population figures, inaccurate responses to the former questions on the census have greater fiscal impacts than undercounts. This is the case, for example, with the formula for Community Development Block Grants, which also includes a population-growth-lag variable from which older distressed cities with substantial undercounts actually benefit.

The same point is made in a recent report by the General Accounting Office:

> Because a number of grant-in-aid programs include population as an element in their allocation formulas, state and local governments often focus on the relationship between the population count and federal grants. For several reasons, however, changes in population may not produce the proportional changes in grant awards that many people

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

> expect. One of the most important reasons is that most of the allocation formulas federal agencies use rely on more than population counts or estimates for resource distribution.... Also, because certain programs include minimum and maximum dollar amounts a state or other jurisdiction may receive, changes in their population counts may not significantly affect the flow of funds.

Nothing prevents Congress from adjusting specific grant formulas to compensate for minority undercounts. Why then an across-the-board adjustment of census data? Together, these facts suggest that the adjustment cause is being sustained by less obvious political dynamics—to which I will turn shortly.

A different kind of problem is the evidence that data on ethnic and racial groups, which play such a central role in this controversy, rely on questions about ancestry or ethnic background to which individuals' self-reported responses are highly variable. Blacks are the most consistent. Even among them, however, only 94 percent identify themselves racially in the same way from one year to the next. Hispanics are much less consistent. A Census Bureau study reveals that only 88 percent of those identifying themselves as Hispanics do so a year later. This consistency problem, along with the evidence on the impact of illegal immigrants on the Hispanic undercount, again calls into question the wisdom of statistical adjustment.

Another risk is the likely damage adjustment would do to the integrity of the census itself. With adjustment, Americans would soon come to believe—with reason—that their cooperation with the count was not absolutely necessary. As Peter Bounpane, Assistant Director for the Decennial Census, has put it:

> If the Census Bureau adjusts the counts, how will this be viewed by the public? The public's perception may be that the Census Bureau has manipulated the results. Or the public may assume the attitude of ... why respond if an adjustment is to be made anyway?

This point seems self-evident, even though it was infrequently heard in the recent debate. Less obvious is the likely negative impact adjustment would have on its presumed minority beneficiaries. The cynicism that Bounpane suggests would be engendered by adjustment would certainly be a problem among those whose alienation from the mainstream already results in their lack of cooperation with the census. With adjustment, already distrustful minorities might come to see the census not as a process that can

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be affected by local efforts to get their communities counted, but as one that is decided by unresponsive statisticians in Washington. And who could say such cynicism would be unwarranted? Adjustment would necessarily rely on complex statistical models into whose assumptions political biases might sooner or later intrude.

Such non-technical, prudential considerations have received insufficient attention in the adjustment controversy, which has been dominated either by political partisans or technical experts, who see such matters as beyond their purview. Thus, the Census Bureau's Undercount Steering Committee, with whose majority recommendation Director Barbara Bryant concurred when she advocated adjustment, emphasized that its "assessment is a technical one, ignoring the political ramifications of the adjustment." Notably, one of two dissenters on that nine-member committee was Assistant Director Bounpane.

Race and representation

In the face of such evidence, what then sustains the demand for adjustment? Despite what I have said about the limited impact of adjustment on redistricting and funding, we cannot discount our society's preoccupation with equal outcomes—racial, political, and economic—and consequently with the data by which such outcomes are calculated and evaluated. As we continue to count by race, the census will arouse intense frustrations however much effort it makes to count the beneficiaries of race-conscious policies. Yet because such policies remain so controversial, blacks and Hispanics understandably have not explicitly referred to them when articulating their concerns about the census.

Although blacks and Hispanics have joined together in their demands for adjustment, this should not obscure the different perspectives the two groups bring to the issue. With their group's dramatic and continuing growth, Hispanic leaders looking for visibility and influence have come to rely more on mere numbers than on actual political clout, since few Hispanic immigrants will soon be voting. These leaders have grown accustomed to making successful affirmative-action claims for jobs and electoral outcomes based more on their growing proportion of the population than on their actual voting strength.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Blacks take the undercount even more seriously. First, being undercounted has a strong symbolic impact on a group that, at the beginning of the republic, was "undercounted" by virtue of the constitutional compromise that reduced each slave to three-fifths of a person. And the intensity that black leaders have brought to this issue today reflects a sense of urgency about their contemporary social and political situation. Not the least of their concerns is the challenge blacks feel from Hispanics—as competitors in the marketplace and as minority rivals in the scramble for affirmative-action benefits.

For both groups, the Census Bureau makes a good target. Hispanic and black leaders share the perspective of many Democratic politicians currently searching for ways to make visible the needs of the cities. Faced with undeniable social and economic problems, but with little prospect of help or even sympathy from Washington, these natural allies find common cause in attacking an executive agency where partisan influence has definitely been on the increase—although not long enough to make it very adept at defending itself. Certainly, it is easier to point a finger at the Census Bureau than to put one's hands on programmatic remedies or even palliatives for what ails the cities.

This dynamic is consistent with aspects of our politics recently noted by several observers. For example, in *Politics by Other Means: The Declining Importance of Elections in America*, Benjamin Ginsberg and Martin Shefter analyze how partisan competition waged in the electoral arena between locally based, mass political parties has given way to an era of divided government in which competition is carried on between governmental institutions and bureaucracies whose media-driven combat has reduced the electorate to onlookers. In this "postelectoral" regime, the census becomes doubly important: not only is adjustment another vehicle for Democratic assaults on a Republican administration, but the census itself is critical to Democrats requiring indices to determine the needs of constituents who, increasingly, do not register those needs through electoral politics. Conversely, successive Republican administrations have become increasingly attuned to the importance of census data and have clearly felt the need to intrude on the prerogatives of census professionals.

As the national political prospects of minorities and their allies deteriorate, the stakes of census adjustment get raised. Advocates

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

argue that to be undercounted is to be denied representation. As Congressman Sawyer put it this past June as he opened hearings on the undercount by his Subcommittee on Census and Population:

> Unfortunately, the millions of people who weren't counted are not imaginary. They are real people. We can't wish them away. They use government services; they are eligible for government programs. *They are entitled to political representation.* (my emphasis)

If we exclude the hundreds of thousands of uncounted illegal immigrants whose right to representation is dubious, the Congressman is obviously correct: uncounted individuals will not be included in the one-man one-vote calculations on which district lines are drawn. There can be no doubt that such individuals ought to be counted. But to equate the creation of districts with actual representation is to advance a formalistic view of the electoral process that assumes that individuals or groups are represented independently of their efforts in the political arena—independently, for example, of voting. Yet individuals who are counted but do not vote are not "represented" in any meaningful sense of the term. Conversely, individuals not counted are in no way inhibited from voting—or organizing others to vote.

Congressman Sawyer, along with other advocates of adjustment, implies that the primary obstacle to the representation of minority interests today is their being undercounted. But this clearly is not true. The primary political problem facing minorities is that they do not register and vote in large numbers. Those who have convinced themselves that adjustment will lead to increased political power for minorities should consider the observation of black leader Leon Finney, former head of Chicago's Woodlawn Organization:

> I would not delude anybody ... by saying that because we have an accurate count, Black people and brown people and poor people are going to get to share those resources that are allocated for them ... we have to continue to think about organizing ourselves, developing the political muscle ... sufficient to make sure that when those resources are allocated ... they just don't go to those same old guys to run the same old games on us....

Finney made these remarks back in 1979, when concerns about the undercount had not reached today's intensity—and when the political prospects of those advocating adjustment were less bleak.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Perhaps this is why no comparable wisdom has been forthcoming in the current debate.

Far from advancing minority political power, adjustment would probably have the exact opposite effect. With all its excesses, the campaign against the 1990 undercount had one positive aspect: faced with the possibility of an unadjusted census, minority leaders had clear incentives to go out and get their communities counted. Adjustment would likely obviate such local organizing efforts. The lives of minority leaders would thereby be made easier, but their already weak ties to their most disaffected constituents would, in small but undeniable measure, be commensurately attenuated. In one more area of American social and political life, minorities would be marginalized, as they discovered that their participation in what has been called "a national ceremony" was not really necessary.

The battle for census adjustment illustrates precisely Ginsberg and Shefter's point when they write: "Today, rather than focus on outmobilizing their opponents in the electoral arena, political leaders increasingly employ institutional weapons of political struggle that neither require nor encourage popular mobilization." Instead of pursuing the financially demanding and politically risky path of organizing demoralized minority voters, Democrats have opted for the safe but circuitous route of an assault on the census, where success would bestow real but marginal benefits on safely demobilized, passive minorities.

So forgotten are the imperatives of political mobilization that advocates of adjustment now resort to an inflated rhetoric of rights. Back in January 1990, Congressman Charles Schumer (D-NY) appeared before the House census subcommittee and argued for adjustment in anticipation of the 1990 undercount. Quite matter-of-factly, Schumer noted: "The Constitution, of course, guarantees the right of every person residing in the United States to be counted." The Constitution, of course, guarantees no such right. On the contrary, cooperation with the census is an obligation *required by law*.

The Framers' conception of the census

Schumer's assertion illustrates how far we have travelled from the Framers' views on this matter. Needless to say, they entertained no such notion of a right to be counted. On the contrary, their conception of the census drew on classical antecedents

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

infused with notions of virtue and civic duty. In ancient Rome, the census was conducted by the "censors," two magistrates responsible for registering citizens, evaluating their property, assessing taxes, and supervising morals. Not surprisingly, the Framers did not rely exclusively on any such ancient form. Instead, they devised the United States census as an equilibrated process, participation in which would be subject to competing and balancing incentives.

Today, everyone understands that the census is the instrument provided by the Constitution to reapportion the House of Representatives. But few recall that the census was also to be the basis on which the federal government would levy direct taxes on the states. As Article I, Section 2 of the Constitution declares: "Representatives and direct taxes shall be apportioned among the several States ... according to their respective numbers...." Several times in its early history, up to and including the Civil War period, the federal government used the census to assess taxes on the states. Yet because such levies proved less remunerative than customs duties and, of course, the income tax, we have long since forgotten about direct taxes and how they figured into the Framers' conception of the census.

Federalist No. 54 explains quite clearly what they had in mind:

> [T]he establishment of a common measure for representation and taxation will have a very salutary effect. As the accuracy of the census to be obtained by the Congress will necessarily depend ... on the disposition, if not on the cooperation, of the States, it is of great importance that the States should feel as little bias as possible, to swell or to reduce the amount of their numbers. Were their share of representation alone to be governed by this rule, they would have an interest in exaggerating their inhabitants. Were the rule to decide their share of taxation alone, a contrary temptation would prevail. By extending the rule to both objects, the States will have opposite interests, which will control and balance each other, and produce the requisite impartiality.

The Framers conceived of the census as a process into which politics would inevitably intrude, but out of which an acceptable and fair outcome could nevertheless emerge. But the dynamic balance they established has completely disappeared from today's census. All the incentives are now skewed toward maximizing the count. However, as I have indicated, our near-obsession with precise census counts is hardly explained by one-man one-vote redistricting requirements or federal grant formulas. More critical is the infusion into our politics of abstract notions of justice, com-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bined with an insistence on scientific objectivity and rigor. These high standards—at odds with the Founders' realism—reflect the outlook of those more eager to administer justice to minorities than to encourage them to organize and demand it themselves. Adjustment threatens to tip further the worrisome imbalance between the rights and responsibilities of citizenship and to aggravate the alienation of those already at the margins of the political process.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

What's really behind the SAT-score decline?

CHARLES MURRAY & R.J. HERRNSTEIN

AUTUMN 1991 saw renewed controversy about SAT scores and American education. First it was revealed that the national average on the verbal portion of the Scholastic Aptitude Test had dropped by two points for the 1990-1991 school year and that the math portion had dropped for the first time in eleven years, resuming the downward drift of the 1960s and 1970s. President Bush and writers for op-ed pages around the country seized on the news as an occasion for lamenting the sad state of American education. Then in September the federal government's own National Center for Education Statistics reported that, based on the periodic tests given as part of the National Assessment of Educational Progress (NAEP), American high school students were performing as well in 1990 as when the first NAEP tests were administered in 1970. This news was picked up by another set of op-ed commentators who explained why the SAT-score decline does not prove that American education has been getting worse.

The reaction on both sides was more evidence of how much the SAT has become a symbolic scorecard of American education, and appropriately so. The SAT is a substantively demanding test, valid

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and reliable in the psychometric sense, taken by more than a million students every year. It is in fact the nation's richest annual source of information about the performance of American high school students. But what message has it been sending?

Over the years, two story lines have come to be associated with national SAT-score trends. The first and more disturbing account is the one adopted by President Bush. It begins when scores were at their peak in 1963. Visually, the story is told by what must be one of the most frequently published graphs in America (Figure I):

Figure I. The Great SAT Decline, 1963-1991[a]

[a]*Source*: The College Board. Scores for 1963-1978 (gray segments) are based on all tests administered during the year; 1967-1991 (black segments) on the most recent test taken by seniors—what The College Board calls "college-bound seniors." [1]

[1]The SAT data for this article are drawn primarily from *On Further Examination: Report of the Advisory Panel on the Scholastic Aptitude Test Score Decline* and its twenty-seven appendices (College Entrance Examination Board, 1977), and from the annual profiles of college-bound seniors published in various forms by The College Board since 1972. The national norm data are taken from: Charles C. Cole, Jr., *Encouraging Scientific Talent: A Report to the National Science Foundation* (College Entrance Examination Board, 1955); M.O. Chandler and W.B. Schrader, *Preliminary Scholastic Aptitude Test: 1960 national norms* (ETS SR 66-3, Educational Testing Service, 1966); M.R. Katz, L. Norris, and G. Halpern, *The measurement of academic interests: Part I. Characteristics of the academic interest measures* (CEEB RDR 70-71, No. 4, Educational Testing Service, 1970); Rex Jackson and William B. Schrader, *Verbal and Mathematical Ability of High School Juniors in 1974: A Norms Study of PSAT/NMSQT* (ETS RB-76-27, Educational Testing Service, 1976); and Henry I. Braun, John Centra, and Benjamin F. King, *Verbal and Mathematical Ability of High School Juniors and Seniors in 1983: A Norm Study of the*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The narrative goes like this: In the early 1960s U.S. education entered a prolonged slump that continued for eighteen years. It bottomed out in the early 1980s, but subsequent improvement was anemic, and the nation's children remained mired in an educational system that fails to perform nearly as well as it did once upon a time. The most recent scores are evidence that the deterioration has resumed.

The alternative story line is that the SAT decline has been overblown and that Figure I is mostly an illusion. What really happened during the 1960s and 1970s was that the SAT was "democratized." The pool of people taking the SAT expanded dramatically, bringing in students from disadvantaged backgrounds who never used to consider going to college. This was a good thing, but it also meant that test scores went down—a natural consequence of breaking down the old elites. The real problem is not falling SAT scores, but the inferior education for the disadvantaged that leads them to have lower test scores.

Neither of these stories is entirely false, but both are misleading. In what follows, we will not replace them with the whole truth, which is technically too complex and lengthy to present here and, in some respects, is still out of reach. But a few broad revisions to the accepted stories seem solidly established and need to be incorporated into the way that the nation perceives what has and has not happened to American education. Be warned that even this overview of the SAT story will take a winding path. If the story were not complicated, it would not have remained so disputed for so long. But the complications are worth expressing because they give some clues to the causes of the decline.

The core of our analysis is a sharp distinction between what has happened to the population of youngsters who take the SAT and the population of American high school seniors as a whole. Specifically, we infer from the data that:

- The educational aptitude of the American high school population as a whole was probably about as good in 1991 as it had been since at least the 1950s.
- The SAT decline was real and large for the students who take the SAT, meaning that the decline was real for America's most capable young people.

PSAT/NMSQT and the SAT (Working Paper, Educational Testing Service, 1987). We wish to acknowledge the generous assistance and critiques provided by Leonard Ramist, Gary Marco, and others at the Educational Testing Service.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

• The culprit is not the democratization of the SAT population, but rather the "mediocritization" of the college track in high school—our term for the downward trend of the educational skills of America's academically most promising youngsters toward those of the average student.

We will conclude with some thoughts about what these findings might mean for educational reform.

The SAT pool vs. all high school seniors

The place to begin is with a topic that is seldom discussed explicitly when talking about SAT scores—the nature of the SAT pool itself.

Since the 1960s, between 30 and 40 percent of America's high school graduates have taken the SAT. They have always been a highly self-selected group. In the most recent figures (for 1991), 85 percent had taken at least four years of English in high school and 65 percent had taken at least four years of math, both far above the national average. Forty-two percent came from the top 20 percent of their high school classes. Perhaps more telling than any of these self-reported data is the simple fact that they had taken the SAT, something that most students do because an institution to which they are applying requires that they take it. Such institutions are generally four-year institutions, and they include the overwhelming majority of selective colleges, by which we mean any institution that must turn down a significant number of applicants.

Furthermore, the SAT pool has always been top-heavy with the brightest of the bright. Of the top twenty-five universities and top twenty-five colleges listed in a 1990 *U.S. News and World Report* survey, for example, all but one (Middlebury College) ask for the SAT. Only fourteen of these fifty accept the American College Test (ACT) in lieu of the SAT. Because students who apply to elite colleges typically apply to several schools, virtually all students who apply to elite colleges end up taking the SAT. This has been true since the beginning of the 1960s. The SAT pool contains an extremely high proportion of students in the top percentiles of the ability distribution.

Now consider who did not take the SAT. In a typical year in the late 1980s, more than 40 percent of high school seniors did not go on to college at all. Because hardly any of these students took the SAT, their educational experience is not reflected in the SAT

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

scores. Of those who did go on to college, roughly half went to two-year colleges and, of them, only a small minority took the SAT.

So the first point is that the SAT pool is not "representative" of any larger population. It is not representative of high school seniors. It is not even representative of students who go on to college. Instead, and this deserves emphasis, *the seniors who have taken the SAT constitute a population that is exceptionally important in itself.* The pool includes a large majority of the students in the upper portion of the ability distribution, and nearly all of the very brightest.

The second point is that it is possible for American education to be functioning differently for different kinds of students. If one wants to know about the progress of American education as a whole, one must look elsewhere than the annual SAT scores.

The average student

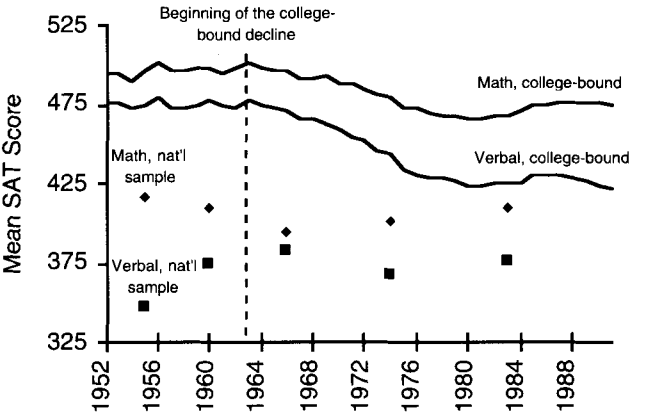
To compare the quality of the American school population today with its quality in bygone years requires representative samples tested over time with a consistent instrument. To our knowledge, there are just two sources of comparable data for high school students going back to the early 1960s, when the SAT decline began.

One source consists of five almost completely unpublicized studies, known collectively as the national norm studies, conducted by psychometricians at the Educational Testing Service (ETS) in 1955, 1960, 1966, 1974, and 1983, in which the Preliminary Scholastic Aptitude Test (PSAT), a short version of the SAT, was administered to a nationally representative sample of American high school juniors. The second source is the Iowa Test of Educational Development (ITED), a well-validated test, equated for stability from year to year, that has been administered to Iowa's high school students for fifty years. We will discuss the ETS data first.

The results for the national norm studies are summarized in Figure II (see facing page), using the ETS conversion of the junior-year PSAT scores scaled so as to estimate the senior-level SAT. The possible range of test scores is 200 to 800, with a standard deviation in the region of 100, depending on the test and the year. The scores labeled "national samples" in the figure are the estimated scores that *all* American juniors and seniors would have received on the SAT had they taken the SAT. The "college-bound" sample (The College Board's phrase) represents the scores obtained by seniors who have actually taken the full-scale SAT.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure II. SAT Scores for the SAT Population and Nationally Representative Samples, 1952-1991[a]



[a]*Source*: The five norm studies as listed in the opening footnote. Prior to 1967, SAT scores were based on all students who took the test in a given year.

Figure II shows, first of all, that the students who took the SATs score well above a nationally representative sample of high school seniors, a reflection of our continuing theme: The SAT college-bound sample represents a self-selected elite (though it totals some one million students), embracing a large proportion of America's most able young people. Beyond this first, basic reminder, these results say that American high school students as of 1983 were, as a whole, roughly as well prepared in verbal skills as they had been in 1960, and in math skills as they had been when the college-bound SAT scores were at their peak in 1963. Finally, they show that the young people taking the SAT are converging in their scores toward the national population as a whole, which is the trend we call mediocritization.

Two large objections immediately present themselves. First, are the five studies accurate representations of the national samples that they purported to select, and are the five tests comparable with each other? The answer to the first half of the question is a qualified yes. The studies were not perfect, but all appear to have been well designed and executed. There are anomalies—the gap between the verbal and math scores is suspiciously large in 1955 and suspiciously small in 1966. Another qualification is that the data exclude youngsters who did not reach the junior year in high

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

school, a population that we will not attempt to characterize here. The answer to the second half of the question is also yes with qualifications. The 1955 and 1960 norms are based on definitions and procedures that raised their estimates relative to those of the 1966, 1974, and 1983 studies. This tends to reinforce the conclusion that overall education in 1983 was near the peaks of earlier years.

Before leaving the norm studies, we must add a proviso: The SAT scales got easier from 1963 to 1973 by about 8 to 13 points on the verbal and perhaps 10 to 17 points on the math (they seem to have been stable before and following this period).[2] The same person would, in other words, have earned a higher score on the later SATs than the earlier ones, owing purely to changes in the test scales themselves. Whether the PSAT, a much shorter test, experienced the same degree of drift is unknown, but it is a good idea to mentally adjust the 1974 and 1983 scores downward a bit, though this does not change the overall interpretation of the results.

Turning now to Iowa, one may ask what may be generalized from a state so much more rural and white than the national average. But we are examining trends in educational outcomes over time, and for that purpose Iowa works reasonably well. Politically, Iowa has participated in the changing landscape over the last thirty years, with an activist liberal element in addition to the traditional conservatism of the rural Midwest. Iowa joined in the fashions in education, law enforcement, and welfare policy that swept the rest of the country. Iowa's sample of students provides socioeconomic variance—even Iowa has poor people, single-parent families, and welfare recipients. Paradoxically, Iowa's atypical racial homogeneity (the population was 97.6 percent white in 1984) is a positive advantage for a longitudinal analysis. Ethnic differences in test scores can be large, and trying to distinguish true changes in test scores from changes caused by shifts in the ethnic makeup of the population is difficult. In examining Iowa's test scores over time,

---

[2] Christopher C. Modu and June Stern, *The stability of the SAT score scale* (ETS 74-75, No. 3, Educational Testing Service, 1975); Christopher C. Modu and June Stern, "The stability of the SAT-verbal score scale," an appendix to *On Further Examination: Report of the Advisory Panel on the Scholastic Aptitude Test Score Decline* (The College Board, 1977). Because the 1977 study of the SAT-verbal, using an alternative methodology, found a slightly lower upward drift than found in the 1975 study, the 17-point drift in the math scale found in that same initial study (and not reexamined in the second study) may be interpreted as a maximum. In line with the findings on the SAT-verbal, we estimate a lower bound of about 10 points. The scales were stable during the 1953-1963 period. From 1973 to 1983, the verbal scale was stable while evidence for the math scale was inconsistent.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

we can make no judgments about how the education of minorities has changed, but we do have a good view of what happened to a population over the last several decades when ethnicity is held constant.

Part of the story told by the Iowa data is familiar: a steep decline in the late 1960s followed by a more moderate decline through the late 1970s. But by reaching back into the 1950s, the Iowa data also show dramatic improvement in test scores from the mid-1950s until the mid-1960s. Then, following the first upturn in scores in 1979 after the great decline, the Iowa scores began to rise quite rapidly. In 1986, the composite score for Iowa eleventh-graders, measuring a broad range of academic aptitudes and skills, set an all-time high and has continued to rise since then. In other words, it appears that Iowa secondary school students, far from being victimized by a crumbling educational system, were better educated in 1991 than they had ever been.

The Iowa data are known within testing circles, but they have received little attention from policymakers. Perhaps this is appropriate when the data come from just one state. But it is revealing to look at the Iowa data against the background of the nationally representative scores on the SAT. The solid trendline in Figure III (see following page) is the Iowa composite score for eleventh graders. The diamonds repeat the national samples from Figure II, but here combining the math and verbal into a composite SAT, which is more directly comparable to the Iowa scores.

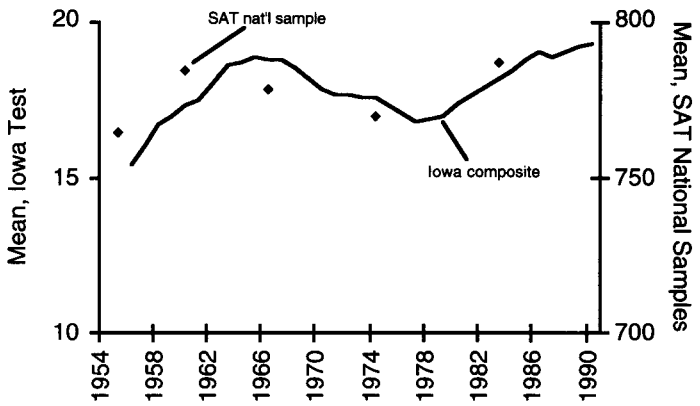
It should be noted that the relative magnitude of the changes seems to have been substantially greater for the Iowa test than for the national norm studies. The scales in Figure III have been set to show the close congruence in the direction and timing of the shifts. Both tests suggest a rise from the mid-1950s to the early 1960s, a loss from the early-to-mid-1960s into the mid-to-late 1970s, and a subsequent rebound. No SAT norm data are available after 1983 for comparison with the continuing progress in Iowa during the seven years following 1983.

Evidence from other sources is consistent with this optimistic view of American education for the high school population as a whole. Project TALENT, a large, federally sponsored study of a nationally representative sample of high school students in 1960, administered the same reading comprehension test in 1970 to another representative sample and found that eleventh-graders as a whole had gained slightly during the same decade that saw the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

steepest portion of the SAT decline. A 1991 Department of Education report, *Trends in Academic Progress*, used the NAEP to conclude that high school achievement as of 1990 was about the same as in 1970. Other data on state tests in Virginia, New York, Texas, and California, conveniently summarized by the Congressional Budget Office in its 1986 study, *Trends in Educational Achievement*, cannot match the time range of the Iowa or SAT norm data; but, within their limits, they are generally consistent with the picture we have sketched.

Figure III. The Iowa and SAT National Norm Results, 1955-1990[a]



[a]*Source*: The five norm studies and unpublished data provided by the Iowa Testing Program, Iowa University. Iowa data for 1956-1961 are medians; means for 1962-1990.

Taken as a whole, and suppressing the many technical footnotes we will include in another forum, our reading of the available test data regarding the nation's high school students is this: The widely publicized SAT history for college-bound high school seniors shows a long, large decline between 1963 and 1980 from which the nation has yet to recover. All of the available data from representative samples of high school students as a whole point to quite a different picture, of a system that was probably improving in the late 1950s and into the mid-1960s, then underwent a decline into the mid-1970s, and then rebounded. Conservatively, high school students *as a whole* seem to be as well prepared in math and verbal skills as they were at the beginning of the 1960s. They may be better prepared than they have ever been.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A democratized test pool?

Having questioned the widespread belief that high school education today is worse than it used to be, we now reverse course and offer some reasons for thinking that the decline among the college-bound students who take the SAT has been greater—"more authentic" is perhaps a more accurate phrase—than is often thought.

Those who discount the meaning of the SAT decline focus on the ways in which this self-selected elite might have become less elite over the years—democratized. "More women and more minority group members are taking the Scholastic Aptitude Test for college admissions than ever before," as the *New York Times* wrote in its September 1991 story about the latest SAT results. "Many are the first in their families to aspire to an education beyond secondary school. The democratization of the SAT has been lauded as long overdue and also cited as one of several reasons for the recent decline in test scores."

Has this in fact happened? Without question, the population of students going on to college has been democratized, especially when the growth in junior colleges is considered. But has the SAT pool changed along with the college pool, and, if so, how much have these changes affected test scores?

When people talk about "changes in the pool," they are usually thinking first of changes in the ethnic composition of the pool. The change has been great. In 1963, less than 2 percent of the SAT population consisted of blacks and the total proportion of minorities can at most have been 3 percent. Contrast that with 1991, when minorities constituted 28 percent of the SAT pool. But almost all of the effects of this ethnic change on national test averages had already been absorbed by 1972.

The change in ethnic composition between 1963 and 1972 was overwhelmingly caused by an increase in black students, who went from something less than 2 percent of test-takers to 8 percent. During that period, the black means were about 130 points below the white means on both the verbal and the math portions of the test. A change of this magnitude did indeed have an effect on national means—given the parameters just cited, a difference of about 9 points on each test. But after 1972, black participation increased much more slowly, by only two more percentage points in the next twenty years, and the size of the black-white difference in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

test scores decreased. Meanwhile, the proportion of Asian-American test-takers increased from only 2 percent in 1972 to 8 percent in 1991, which offset the downward pressure on math scores by increased participation of other minorities (because Asian-Americans score higher on math than anyone else, including whites). Very little of the post-1972 changes in scores in either test can be associated with changing ethnicity.

Making this point in convincing detail would force us into complex and opaque statistical modeling, however, and at the end of it all we would still have to confront the emotional and political controversy that goes with interpreting test scores for different ethnic groups. To isolate "real" changes in test scores from those caused by changes in the SAT pool, we therefore propose to sidestep ethnicity altogether and instead focus on the trend in scores for whites. Doing this will leave us with a trendline of scores that is more readily interpreted in terms of changes in educational preparation and can therefore serve as a baseline for the other changes in the overall picture.

But haven't more poor white families been sending their children to college for the first time? Hasn't the white pool also been democratized? Here we come up against a belief that has been repeated so often that it has taken on the status of something that "everyone knows." But even though "everyone knows" that the SAT has been democratized, we are led to conclude that when people say democratization they are, whether or not they realize it, really referring only to changes in minority participation. The notion that the SAT has also been opened up to new socioeconomic groups within the white population is, as far as we are able to determine, incorrect since 1976—when the first breakdowns by race became available—and probably incorrect for the entire period since the decline began.[3] We begin with the period from 1976 to 1991, where the light is best.

Comparing grouped income data across years is complicated because inflation makes the boundaries of the income categories incomparable. The lowest boundary that is approximately equal for 1976 and 1990 when converted to 1990 dollars is $20,700 (for 1976) and $20,000 (for 1990), figures that cut off roughly the lowest quartile in family income. In 1976, 11.3 percent of the white SAT

[3] It is also incorrect for the entire SAT pool, including minorities. But that is another story.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

population came from families with incomes below $20,700, whereas in 1990, 10.2 percent of the white SAT population came from families with incomes below $20,000. The comparison is imprecise, but one cannot infer from these numbers that the proportion of low-income white parents in the SAT pool has increased.

The data on parental education tell the same story more unequivocally. In 1980, 9.2 percent of the white students had a father who had not completed high school, while in 1990 only 5.3 percent came from such a family. During the same period, the percentage of white students whose fathers had just a high school degree also decreased. The percentage of white students whose father was a college graduate increased. These changes are natural, in that the educational level of the nation's parents in 1990 was generally higher than it was in 1980, but once again one cannot find in these data evidence that the white SAT pool was drawing deeper into the socioeconomic distribution.

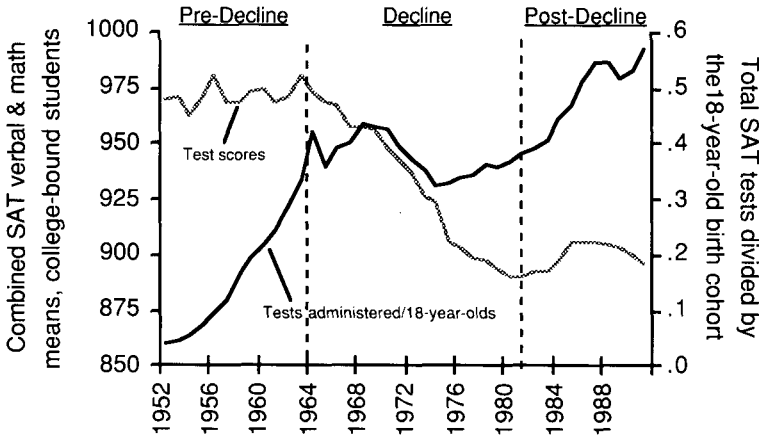
Neither economically nor educationally, then, are there signs of significant democratization in the white SAT pool in the last ten to fifteen years. But that leaves us with the period from 1963 to 1975, when the bulk of the SAT decline occurred. Isn't it reasonable to assume that many new low-scoring whites from disadvantaged backgrounds entered the SAT pool during that period and thereby artificially lowered the white mean?

New populations of white students began entering some sort of post-high-school institution during this period, but it is unlikely that they had much effect on the pool of whites who took the SAT. On the contrary, we conclude that from 1963 to 1976, during the steepest part of the SAT decline, the white SAT population probably remained at least as selective as ever. It may have become more selective. The basis for this unconventional view of changes in the white SAT pool is shown in Figure IV (see following page), which displays the change in the proportional size of the entire SAT pool from 1957 to 1991.

It is a startling graphic. The surge in the proportion of high school students taking the SAT did not occur in the late 1960s, as is commonly assumed, but in the 1950s and early 1960s. In other words, contrary to the democratization thesis, the first decade of dramatically increased participation in the SAT saw *no* decline in scores.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Figure IV. Total SATs Relative to the Eighteen-Year-Old Population, 1952-1991[a]



[a]*Source*: The College Board. The numerator consists of all tests administered in the testing year for students in any grade. The denominator is all eighteen-year-olds in the U.S. population.

Then in the late 1960s, again contrary to conventional wisdom, the proportion of high school students taking the SAT began to shrink. We express the trendline as total SATs divided by the eighteen-year-old population because a consistent data series for the actual number of tests taken by eighteen-year-olds is unavailable. But the shape of the trendline would be the same if we had used high school seniors as the divisor. However the test-takers are counted, the curve showing the proportion of high school students who take the SAT flattened from the beginning of the drop in test in scores in 1964 until the late 1960s, at which point the proportion dropped steadily into the mid-1970s. Furthermore, it must be remembered that Figure IV shows the drop for the entire SAT population, but we know that the proportion of minorities was rising rapidly at precisely the same time that the total proportion of seniors taking the test was dropping. Thus the drop in test participation for whites was even steeper than Figure IV indicates. Our net estimate is that from 1963 to 1972 the proportion of white seniors taking the SAT dropped from approximately 33 percent to less than 28 percent of the white senior population, with a smaller continued drop between 1972 and 1976.

A shrinking proportion of test-takers constitutes a prima facie case for concluding that the white pool was getting more selective,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not less, during the period of the steepest decline in test scores—it goes against common sense to suppose that the white pool was simultaneously flooded with low-ability students and lost even larger numbers of high-ability students. But given the sensitivity of the SAT issue, let us confront that unlikely possibility: Is it somehow conceivable that the white pool could have shrunk and yet have declined in quality?

By logical necessity, the reduced white participation in the SAT was produced by a combination of two things: students who would have taken the SAT in earlier years either (1) stopped taking a college entrance test altogether, or (2) began replacing the SAT with something else.

The effects of the first contingency can be dismissed out of hand. The nation's selective schools continued to require the SAT throughout the period in question. The students who stopped taking the SAT and replaced it with nothing else had to be overwhelmingly those who were applying to the least selective colleges. Losing those who stopped taking entrance tests altogether could not have degraded the academic quality of the SAT pool.

The second contingency is more complicated. The 1960s and early 1970s saw rapid growth in the number of students who took the ACT. Some of the drop in the proportion of students taking the SAT presumably consisted of students who would have taken the SAT in 1963 and by 1976 were taking the ACT instead. Herein lies a potential way of explaining how the SAT pool could have shrunk and yet have become less selective at the same time. It requires the dual hypotheses that many white applicants with 1963-level socioeconomic and educational backgrounds left the SAT pool for the ACT during the late 1960s, and that the new white students entering the SAT pool came from lower socioeconomic and educational backgrounds. But aside from the lack of data to support these hypotheses, they are manifestly improbable. First, many schools that began accepting ACT scores in this period were not replacing the SAT, but requiring an entrance examination for the first time. It is doubtful that the ACT displaced enough SAT test-takers to explain the shrinking SAT pool. Second, and decisively, it seems inevitable that almost all of the brightest students—even those who began taking the ACT—ended up taking the SAT. Almost all selective schools throughout the country, even in the Midwest and parts of the South where the ACT was predominantly used, continued to require the SAT. The students who would have taken the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SAT in 1963 but took *only* the ACT in 1976 necessarily consisted of students who were not applying to *any* school that required the SAT. Bearing in mind that students who apply to selective schools typically apply to several, we conclude that the group lost from the SAT pool could have included exceedingly few students who were applying to selective schools, hence from the top end of the academic ability distribution.

When one is presented with a self-selected pool that is shrinking in size and at the same time is losing disproportionately few people at the top end, as we are with the SAT from 1963 to 1976, that pool is not getting weaker. A sobering possibility is that it was getting more selective—democratization in reverse that, far from exaggerating the size of the drop in SAT scores, hid part of it.

Before leaving the question of pool composition, there is the matter of gender. In 1960 (when whites approached 100 percent of the SAT population), women constituted only 42.7 percent of SAT test-takers. By 1980, when the first gender breakdown by race was published, women were 52.1 percent of the white SAT population, a figure that has remained steady since. The increase in women taking the test had no meaningful effect (i.e., less than a single point) on the overall white mean verbal scores, but it does account for about 5 points of the decline in math scores.

Declining white scores

We are now in a position to reconstruct and interpret the changes in test scores for whites who have taken the SAT.

From the early 1950s until the early 1960s, the national mean of the SAT pool can be used as a proxy for the white mean. Minority participation was too small to have had an effect that is visible in a graph of the trendline. As late as 1963, applying the upper end of the Advisory Panel's estimate of minority participation in 1963, the maximum difference between the white score and the national mean is extremely unlikely to have been more than four points for verbal and three points for math. The implication is that the white SAT verbal score in 1963 was in the 478-482 range, with the math score in the 502-505 range. These means had been essentially steady since the early 1950s.

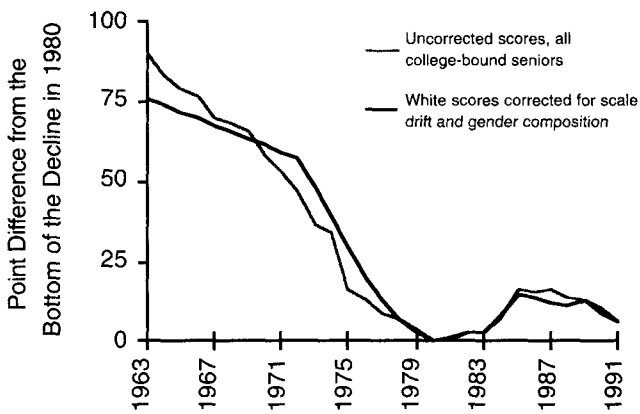
When we first pick up a racial breakdown of scores in 1972, drawing on unpublished data provided by the Educational Testing Service, the white verbal mean is 474 and the math mean is 505. We then incorporate the little-publicized but important factor that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

we mentioned earlier, that the SAT got easier from 1963 to 1973. Finally, we discount the observed drop in math scores from 1963 to 1972 for changes in gender composition.

Putting all these considerations together, Figure V shows the trendline in white scores alongside the uncorrected, raw national means that are the focus of public attention every year. The lines represent combined math and verbal scores, expressed in point differences from the bottom that was reached in 1980:

Figure V. White SAT Scores Corrected for Scale Drift and Gender Composition vs. the National Mean, 1963-1991[a]



[a]Source: The College Board and unpublished data from the Educational Testing Service. The correction for scale drift uses the midpoint of the estimated magnitudes.

The main conclusion to be drawn from Figure V is that, in the case of the national SAT scores you see reported in the newspaper every year, what you see is what you get. When everything is considered, the size of the drop in the SAT as shown in that familiar, unsophisticated graphic with which we opened the article is about the size and shape of the authentic drop in the academic preparation of the white SAT population. Neither race, class, parental education, nor gender can explain this decline of approximately 50 points on the verbal score and 25 points on the math for the white SAT-taking population.

A secondary finding to which we will return in the interpretation of these data involves the timing of the drop. During the first decade, 1963-1972, the white drop was small compared to the steep plunge from 1972 to 1979. Indeed, if we had not included scale

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

drift, white scores would barely have dropped at all in the 1960s. And yet the national mean was dropping at more or less a steady rate from 1963 until 1975. What seems to have happened, obscured by the national trendline (which was dropping largely because of increases in minority participation during the 1960s), is that a modest deterioration in the preparation of the ablest students during the 1960s was followed by a free-fall in the 1970s.

The best and the brightest

One more piece of the puzzle needs to be put in place. The SAT population constitutes a sort of "broad elite," encompassing much of the upper quartile of the annual national pool of academic ability. But it must be remembered what a modest score it takes to join this pool. Surprising as it may seem to most readers, an SAT-verbal score of just 500 puts a student in the top 15 percent of the distribution for high school graduates as a whole. What has been happening to the scores of the "narrow elite," the most gifted students, the ones who must be counted upon to fill the nation's graduate and professional schools?

Daniel J. Singal has explored this question in a November 1991 *Atlantic* article, "The Other Crisis in American Education." He documents a 40 percent drop in the proportion of students scoring over 600 in the verbal test, from 11.4 percent in 1972 to 6.9 percent in 1983, and the deterioration in SAT scores among freshmen at many of the nation's selective colleges.

Yet the news is not all bad. For the math test, the proportion of students scoring over 600 dropped in the 1970s but had returned to the 1972 level by the mid-1980s. Singal credits an increasing Asian-American proportion of test-takers for this positive trend, but further examination suggests otherwise. The figures for whites only, available since 1980, show virtually the same degree of improvement in the proportion scoring over 600 as shown by the national figures.

When we focus on the performance of an even narrower elite of students scoring over 700, the story is still more encouraging. We see the same substantial decline in math scores from 1972 to 1981, but then the scores rebounded phenomenally. In just ten years since the low point in 1981, the proportion of students scoring over 700 in the math test has risen by two-thirds. The proportion scoring over 700 in 1991 was 24 percent higher than it was for the first available figure in 1972. Once again, this improvement is not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

explained by increases in Asian test-takers. It holds true for the whites-only data as well.

The story for the 700+ scorers in the SAT-verbal, however, is similar to the depressing story we see in the overall SAT population and the one that Singal reports for the 600+ group. The proportion of students attaining 700 or higher in the verbal SAT fell sharply from 1967 to the mid-1970s. But, unlike the math scores, no rebound occurred. The proportional size of the drop, 40 percent, was large.

The experience of the narrow elite of American students, the top few percentiles of the overall distribution, constitutes one of the most intriguing parts of the puzzle posed by the trends in SAT scores. What kind of educational system can produce such a marked response among the most talented in the skills measured by the math test and at the same time produce continued deterioration among the most talented in the skills measured by the verbal test?

Behind the headlines

Two parts of the conventional wisdom surrounding the SATs are accurate: SAT scores really did nosedive in the late 1960s, continuing to decline well into the 1970s, and the change in the ethnic composition of the SAT pool really has been large. Nearly everything else in the SAT story as it is translated in the annual newspaper stories about the latest scores is out of alignment with the available facts—and even the two accurately understood parts of the story do not have the causal relationship that is widely assumed. Pulling the pieces together:

For the nation's students as a whole, the recovery from the bottom of the trough in the 1970s seems to be complete: they are probably doing about as well as they were in the supposedly halcyon days of the 1950s and early 1960s. This does not mean that they are well educated by absolute standards, nor that they are well educated enough to meet the challenges from ever-stronger competitors overseas, only that things are no worse in the United States than they used to be.

For the pool of students who take the SAT, a group that is far above the average in ability, the story since the 1950s seems designed to confound those who want to blame the SAT decline on an expansion of the SAT population: (1) The great surge in the proportion of high school students taking the SAT occurred in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1950s and early 1960s—while test scores held steady; (2) The beginning of the decline in test scores, 1964, coincided with a nearly flat period in the proportion of students taking the test; (3) The decline in test scores from 1969 to 1976 occurred when the proportion of students taking the SAT was shrinking; and (4) The pool began to expand again in the 1980s—at just the time when scores began to rise as well.

Nor can changes in the socioeconomic composition of the pool easily be blamed. Even when we isolate the scores of whites, the declines in scores are about as great as the aggregate national means have indicated. We find little reason to think that much if any of this reduction can be attributed to socioeconomic changes in the white pool. It is possible that instead the white pool became more selective during the period of the steepest decline.

How might these disparate and sometimes contradictory trends be tied together?

One important part of the story begins with the 1950s. Why didn't the scores fall, even though the proportion of students taking the SAT went from a few percent to almost a third of the high school population in little more than a decade? The answer is that the growing numbers of SAT-takers were not students with progressively lower levels of academic ability, but able students who formerly did not go on to college or went to the state university (and didn't take the SAT) and now were broadening their horizons (and starting to take the SAT). This was the post-World War II era and educational meritocracy was on the rise. The rhetoric, and to increasing degrees the reality itself, was to accept students who could demonstrate a capacity for college-level work, with less regard to family wealth and connections than had been the case earlier. With the G.I. Bill and other new sources of scholarship help, increasing numbers of low-income students could hope for a place in a good college purely on the strength of their academic potential. Postwar prosperity meant more parents who could afford the tuition at the top private colleges and were willing to pay it. As the path to the better colleges began to open up for youngsters outside the traditional elites, the population of test-takers grew explosively. Even if the socioeconomic variables for the SAT pool did in fact change during the 1950s—the growth in the proportion of students taking the test was so phenomenal that it seems inevitable—it did so with no dilution of the pool's academic potential, because

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

there were still many students with high potential outside the elites. The reservoir of academic ability was deep.

From meritocracy to mediocracy

By the early 1960s, much of that reservoir had been tapped. In just a decade, the proportion of the top ability quartile that went on to college had jumped from about 50 percent, where it had stood for decades, to 75 percent, about where it stands today. For the top 10 percent in ability, college attendance by 1960 was close to 90 percent. Meanwhile, a new phenomenon was beginning and it would accelerate during the rest of the decade: a steep increase in the proportion of high school students from the academically weaker portions of the general population going on to post-secondary education.

This influx of new students from the second, third, and sometimes bottom quartile into the college population is the basis of our explanation for trends in SAT scores. It is not that the SAT population was democratized, but that the college track in high school was first democratized, then mediocritized, and this eventually had profound effects on the best students in the college track. The argument goes something like this: By the late 1960s, America's secondary educational system was being racked by the social stresses and educational fads of the 1960s that have been described by others, notably by Singal in his recent article and by William Turnbull in an analysis of falling test scores produced for The College Board in 1985. Open classrooms, the new math, social promotions—the list of new ideas was long, and many of them tended to work against traditional ideas of academic excellence. At the same time, the college-bound track in high schools was being called upon to absorb increasing proportions of less-than-topnotch students.

The new demands on the system dovetailed with the changing attitude toward academic excellence, and the result was that educational standards in the college track declined precipitously. Textbooks became demonstrably easier in vocabulary and in intellectual complexity. They were "dumbed down," in the inelegant phrase one encounters in educational circles. More electives were permitted in the college-bound curriculum and, despite the high-quality Advanced Placement courses in a small minority of high schools, most of the new electives lay near the Mickey Mouse end of the spectrum. Grades were inflated—it took less work, and less

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

homework, to earn good grades. Less homework was, in fact, done. Term papers became rare, disappearing altogether in many schools. Multiple-choice tests replaced essay tests. Mediocracy replaced meritocracy. The educational dilution could be justified as being in a good cause, insofar as it was a response to the broadening and diversification of America's college population, but that is not an argument we wish to advance or challenge here.

The effects of these changes on test scores of the college-bound seniors who take the SAT were cumulative. High school graduates in the late 1960s who would have gone to college in earlier years were still primarily products of an earlier age, and their scores did not change much. But by the early 1970s, high school seniors had spent all of their high school years and much of their middle school years in a weakened academic environment, hence the plummeting scores in the SAT population as shown for white students in Figure V.

This account leave us with several questions to answer. For a time, educational preparation got worse for everyone, not just for those in the college-bound track. Why did the size of that drop tend to be smaller and the rebound quicker and more complete for the population as a whole than for the SAT population? And why, in the SAT population, do we observe such a large difference between the experience in math skills, where decline was small and the recovery substantial, and the experience in verbal skills, where the decline was large with no apparent recovery at all? Why were these contradictory trends most pronounced for the most gifted students?

We can only speculate about the discrepancy between the trendlines for verbal and math skills. Perhaps, in today's environment, standards for verbal skills are harder to raise than standards in math skills. If a school, trying to improve its test scores, begins to require a basic calculus course for its college prep students, there are limits to the amount of fudging that can be done with the course content. Somehow, a core of analytic techniques in calculus has to be part of the course. Verbal skills are different. It is not only possible but easy for a school to stiffen its ostensible requirements for history, literature, and civics courses without affecting their true rigor. A diffuse outcry for "higher standards" in education had already arisen by the mid-1970s, but it came at a time (still with us) when a variety of other pressures were at work, pushing schools toward multiculturalism in the curriculum, minimizing

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

racial differences in performance measures, and fostering self-esteem independently of performance. Television, rather than the printed page, became the primary medium for getting news and recreation at home. Telephones displaced writing as the medium for long-range communication. All of these trends are hostile to rigor in thought and written expression. The simple hypothesis of this story is that these pressures existed across the curriculum and in society at large, but that math skills were less susceptible to them. When parents demanded higher standards, their schools introduced higher standards in the math curriculum that really were higher, and higher standards in the humanities and social sciences that really were not.

The same dynamics provide a hypothesis for explaining why the rebound was more complete for the nation's overall student population than for the SAT population. When a textbook is dumbed down, it may in fact be helpful to the mediocre student. Subjects that were traditionally not included in the curriculum for the lower end of the distribution—for example, exposure to serious literature—were now so diluted as to be accessible to almost all. In this sense, dumbing-down may have worked. The same dumbed-down text can quite easily have a depressing effect on the talented student's development. At the same time, subjects that would push the best students to their limits, such as the classical languages, were all but dropped. Offered this diluted curriculum, talented students do not necessarily take the initiative to stretch themselves. There are plenty of students with high IQs who will happily choose to write about *The Hobbit* instead of *Pride and Prejudice* for a term paper if that option is given to them. Few of even the most brilliant youngsters tackle the Latin *Aeneid* on their own.

The educated person

We began by saying that we could not tell the whole story here, and we must reemphasize that in conclusion. There are many aspects to the test-score decline that we have omitted. Perhaps we should also say explicitly that nothing in our comparatively optimistic account of American education for students as a whole should be confused with complacency. When the average American high school senior can score only about 375 on the SAT-verbal and 415 on the SAT-math, it makes little difference that he is doing about as well as his predecessors ever did. It is not good

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enough, especially if gainful employment increasingly depends on these academic skills, as it evidently does.

But the part of the story that we have told here is important enough to warrant attention. The hand-wringing over American education has been too general. There is a particular set of students who are especially important to society as a whole: those with high levels of the kind of cognitive ability that is measured by the SAT. The people who possess high ability are important not because they are more virtuous or "deserving," but because of the reality that much our society's functioning depends on them.

In the technological arena, if we judge by the SAT-math scores, matters are not as bad as they have often been portrayed. But the drop in verbal skills for the SAT population should be troubling to all of us, for what we call "verbal skills" really encompass, among other things, the ability to think about the difficult problems that do not lend themselves to strictly quantitative or scientific resolution. It has seldom been more apparent how important it is that the people who count in business, law, politics, and our universities know how to think about such problems in complex, rigorous modes, and how important it is that they bring to their thinking a depth of judgment born of immersion in history and literature. This kind of wisdom—for wisdom is what we need more of—does not come naturally with a high intellectual potential. It has to be added through education, and education of a particular kind.

We are not talking about generalized higher standards. Rather, we are thinking of the classical idea of the "educated person," in which to be educated meant first of all to master a core body of material and skills. The idea is not wedded to the specific curriculum that made an educated man in nineteenth-century British public school nor in the Greek lyceum. But it is wedded to the idea of certain high intellectual goals. For example, to be an educated person meant to be able to write competently and argue logically. A hundred years ago, that might have meant having to memorize and understand, among other things, Aristotle's catalogue of fallacies. Today, one might want to add new goals for an educated person, such as statistical reasoning, knowing that it is impossible to appraise the contending positions on many of the major issues of the day—including, for example, virtually every environmental controversy—without understanding how to come to a conclusion when one is confronted not with hard facts but with a range of possibilities.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Does everyone who graduates from high school have to understand either Aristotle's fallacies or statistics? No. Nor can we expect everyone to become an educated person in this sense, any more than everyone who enters college can expect to be a theoretical physicist if he tries hard enough. At every stage of learning, some people reach their limits. This is not a controversial statement when it applies to the highest levels of learning. Those readers who kept taking mathematics as long as they could stand it know that at some point they hit a wall, and studying hard was no longer enough. What we have been unwilling to accept in recent decades is that the same phenomenon applies at every level of education. Given the constraints of time and educational resources, some students cannot be taught statistical theory; a smaller fraction of students cannot be taught the role of mercantilism in European history; for even a smaller fraction, writing a coherent essay may be out of reach.

The point we are trying to make has nothing to do with new tracking schemes or national minimum-competency testing or any other specific pedagogical reform. We are arguing for a change in frame of mind. One hundred years ago the notion of an educated person was an expression of a shared understanding, not of legal requirements. That understanding arose because people were at ease with the idea that people differ in their capacities. The criterion for being an educated person did not have to be compromised to include the supposition that everyone could meet it.

We hesitate to end on such statements, because we know the reflexive reactions they elicit. We can only emphasize that we are recommending a traditional ideal of education, not glorifying academic credentials. On the contrary, we think that academic credentials are over-valued. It may be because they have become so artificially important that we are loath to accept that many people have academic limitations. Nor does our view of education require triage in which the state selects out the children with the highest intellectual gifts, educates them, and gives everyone else second-best. On the contrary, we believe that education will improve most rapidly when parents and teachers have the maximum flexibility in deciding where children go to school and what kind of instruction they get. By and large, parents already have high enough aspirations for their children, and want schools that will take their children as far as they can go. Teachers who delight in teaching demanding material to good students will come forward if given

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the chance to run their own classrooms. It is educational leaders who need to become comfortable once again with a duty that once was at the heart of their calling, to educate what Jefferson called the "natural aristocracy" to be worthy conservators of the republic.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The real world of urban education

NATHAN GLAZER

WE ARE NOW in the eighth year of a fever of concern about the quality of American education that has been unparalleled in the history of the republic. We can date it from the 1983 report, *A Nation at Risk*, though of course the concern was evident for decades before: When, after all, have we been satisfied with the quality of our education? Yet the present situation is unique: The president has met with all the governors, for only apparently the third time in our history, to set national goals for American education. These goals are to be achieved in a mere eight years, by the year 2000, and if past record is any guide they will for the most part remain elusive. The fever of concern is maintained by the steady evidence of American educational inadequacy as compared with the record of foreign nations, and by the relative decline of American economic power in an age when natural resources—in which we are still preeminent—are much less important than human resources. The concern stimulates a flow of reportage and analysis that tells us much about American education, but does little to set out a common course we can all agree on.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A Nation at Risk did not do so; the national goals set by the President and the governors for the year 2000 do not do so. And even the well-informed Chester E. Finn, Jr., former Assistant Secretary of Education for Educational Research and Improvement, is somewhat chary when it comes to specifics as to what should be done and what can be done in his new book, *We Must Take Charge: Our Schools and Our Future.*[1]

The author of the most widely discussed education book of the season, Jonathan Kozol, is not afraid to make clear, definite, and simple proposals. But even if attainable, they will not do much to improve American education. Kozol wrote a successful book in 1967 on the Boston public schools and how bad they were. A few years ago, he took to visiting urban schools in East St. Louis, Chicago, New York, Camden, Washington, D.C., and San Antonio, and has written up his findings and his argument as to what must be done in *Savage Inequalities: Children in American Schools.*[2]

There can be no argument with his two main observations: that urban schools are for the most part segregated, with black and Hispanic students making up almost all or most of the students in many such schools, and that these schools have less money to spend than many of the suburban schools around them. For someone who began writing about schools in Boston in the 1960s, when desegregation suits and desegregation programs were the dominant preferred tool of liberal school reformers, the fact that urban schools remain as segregated[3] as they were twenty-five years ago must be a severe disappointment. Today, some of the major desegregation programs of the 1970s remain in effect, and new suits are

[1]The Free Press. 365 pp. $22.95.

[2]Crown. 262 pp. $20.00.

[3]Years ago, I fought the use of the term "segregated" for schools with high concentrations of black students. Originally, segregated schools were understood to be those segregated by laws decreeing that some schools must be white. The expansion of the term "segregated" to northern schools not segregated by law, but having high concentrations of black students primarily because of residential concentration, was political and rhetorical. These northern schools, the usage argued, were not different from southern schools segregated by law. The legal argument was that these schools had such high concentrations of blacks because of some public action (drawing of school-zone boundaries, building of segregated housing projects, siting of housing projects in white or black neighborhoods, etc.) that was no different from state laws requiring segregation in the South. In time the use of the term "segregated" for schools with high concentrations of black or Hispanic students became so common in popular, social scientific, and legal literature, that one has to give up the distinction in one's own usage.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

undertaken and work their way through the courts. But the heart has gone out of this approach, and most school reformers, liberal or conservative or neutral, place little faith in policies that are designed to produce a more even mix of white, black, and Hispanic students. Despite Kozol's fervent advocacy, integration is simply not in the cards, whether because the effort to achieve it would require a busing program so extensive that many courts today wouldn't impose it, or because many white parents would evade the program by leaving the public schools, or because no one has much faith that a more even mix by itself would improve educational outcomes.

And indeed, Kozol places more weight on quite a different issue, the difference in the amounts of money spent on students in different schools, which he presents basically as a shortchanging of urban schools with high concentrations of black and Hispanic children. His contrasts are between the decaying schools of East St. Louis or Camden, New Jersey, where city government has pretty much broken down, and well-to-do nearby suburbs in which schools are newer and well maintained, with smaller classes and more resources of all kinds: computers, libraries, laboratories, and the like. The contrasts are real enough, though one must point out that Kozol has spotlighted them by contrasting some of the worst urban schools with some of the best suburban schools. Indeed, more is spent per pupil in the latter than the former. The reason of course is that one-half or so of the costs of public schools come from local taxes. While central cities may have substantial tax bases, they also spend a larger proportion of their revenue and of state and Federal aid on their social problems, and less on their schools. Schools may take up one-half of a suburban-city budget, but only one-quarter of a central-city budget.

Kozol's main antagonist in his argument that the urban schools need more money is the *Wall Street Journal*, plus some sound enough research that money doesn't seem to correlate very well with educational success. There are many anomalies if one tries to correlate money with school achievement. Utah, a recent Census Bureau publication reports, has the highest percentage of high school graduates, though it spends far less per student than, for example, New York, which comes two-thirds of the way down the list of graduation rates. New York has regularly been way out of line in school expenditures (it comes out highest per student, except

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for Alaska, which has special problems—and resources), with nothing in the way of educational achievement to show for it.

Money and equality

Kozol doesn't try to take on this argument in any detail, but rests himself on the unassailable ground that, if wealthy districts find it desirable to spend a great deal on education, on what basis do we justify, from a national perspective, spending so much less on inner-city children with clearly greater needs? As a New Jersey judge whom Kozol quotes wrote in his 1988 decision in a suit brought in 1981 by parents in East Orange, Camden, Irvington, and Jersey City, all poor New Jersey towns or cities, "If money is inadequate to improve education, the residents of poor districts should at least have an equal opportunity to be disappointed by its failure." It is a powerful point: The publicity literature distributed with Kozol's book reports that major decisions have been handed down on inequity in school finance in twenty-six states, and lawsuits are pending in twenty-three. The point was argued more than twenty years ago in books by Arthur Wise and John Coons, and was the basis of a case (*San Antonio Independent School District* v. *Rodriguez*) that started in San Antonio, Texas, and went to the Supreme Court in 1973. The Court refused to take on the issue of school-finance equalization. The battle then shifted to the state courts, because state constitutions generally have some provision that would justify a constitutional argument for equal state expenditure on schools.

But if the argument is for *equality* rather than simply *sufficiency*, it will be very hard to implement, regardless of what state constitutions require. Even if the state were to take over all funding for schools, and provide funds on the basis of some equitable formula per student for public schools, those communities in which parents think schools are worth it will be able to tax themselves additionally for the schools. The prosperous suburbs would again be spending more than the cities. In order to be able to so tax themselves they would have an incentive to resist higher state taxes for equal expenditure on schools. Of course, such additional self-taxation could hypothetically be declared unconstitutional or forbidden by state law—perhaps by some provision, similar to one that exists in France but is hardly imaginable in the United States, in which it is illegal for public schools to accept any funds from other than

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the constituted public authorities. But those parents more concerned about education would still have the option of withdrawing their children from public schools and sending them to private schools. These schools might spend more than the public schools, but even if they spend the same or less some parents will still prefer them. In the poorest sections of our cities substantial numbers of parents find the means to send their children to Catholic parochial schools, or fundamentalist Christian schools, or private black church schools, or African nationalist schools, all of which operate with a fraction of the funds available to public schools. Would the fact that public schools in their areas had more money change the schools enough to lead parents to find them preferable? They choose such schools because they prefer the discipline or doctrine characteristic of such schools. Would they change their minds if the public schools had more money?

The effect of the lawsuits may be eventually to raise the amounts spent on public schools, but quite independently of legal suits, these amounts have increased substantially in the 1980s, as education-minded governors, supported by businessmen and parents concerned with the quality of education, have increased markedly the amounts spent on public schools. As a matter of justice, I think the New Jersey judge is right. Money may not be the decisive factor in the effectiveness of school education, as we can see from successful parochial schools, which spend much less than public schools, but if education is an entitlement offered equally to all citizens, then the poor have as much right to be disappointed as the rich. The effects of court suits will be to raise the amounts spent on schools, as we level up from the bottom. But twenty years of state school reform have taught us it is very difficult to erase the inequality in school expenditure between communities. The same is true of parents, some of whom have the resources or the commitment to education that leads them to spend more of their income on their children's schooling, and some of whom do not.

So much for the practical possibilities of Kozol's preferred reform. "There is a certain grim aesthetic," Kozol writes, "in the almost perfect upward scaling of expenditures from the poorest of the poor to richest of the rich within the New York City area: $5,590 for the children of the Bronx and Harlem, $6,340 for the non-white kids of Roosevelt, $6,400 for the black kids of Mount Vernon, $7,400 for the slightly better-off community of Yonkers,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

over $11,000 for the very lucky children of Manhasset, Jericho, and Great Neck. In an ethical society, where money was apportioned in accord with need, these scalings would run almost in precise reverse." (These are 1986 figures—a footnote informs us that in 1991 New York City was spending an average of $7,000 per child, but the highest-spending suburbs had gone up to $14,000.)

Kozol has a point here, but it is rather tendentiously and sloppily put. That figure for "the Bronx and Harlem" is for *all* New York City public school children, including the children of Queens and Staten Island, and the figure for Roosevelt and New Rochelle includes the white as well as black children of those communities. We might also note that if one apportions the huge social-welfare budget of New York properly it might well match the expenditure per child of Great Neck. Having said all this, the point is well taken, except that in a free society with a strong commitment to local government one sees no way of placing equal expenditure limits on all schools. There are limits to how much Federal and state governments can provide to urban school districts to make up for the more severe problems of many of their children.

Where does it all go?

To the uninformed, it would appear that $7,000 per child was enough—that would be $140,000 for a class of twenty, $210,000 for a class of thirty. It should be enough to provide a reasonable salary, necessary school resources, capital cost on space, maintenance and cleaning costs, and even enough to throw in a few computers, some lab equipment, and some books for the school library. Even the informed might think this way, and wonder, where does it all go? (Kozol could also have asked where that $14,000 per child in Great Neck goes.)

Chester Finn tells us in *We Must Take Charge* that between 1979-1980 and 1989-1990, the average outlay per student in American public schools went up 111 percent in current dollars, 29 percent in constant dollars. "This came on top of real increases of 27 percent in the 1970s and 58 percent in the 1960s." That must be one reason the simple demand for more meets some reluctance: there has been a good deal more, without any clear achievements.

One does wonder where it all goes, and there are some immediate answers. A good share goes to huge bureaucracies—there are 6,000 or so people employed in the central administration of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

New York City schools, with proportionately similar or larger numbers of employees in most other big-city school systems. It is enormously difficult to reduce these central bureaucracies. All of these people do have something to do, even if much of it consists of getting in each others' way. There is a depressing account of the effort to reduce the even larger school bureaucracy of Washington, D.C., in the November 20, 1991, *Education Week*: "According to a 1989 study, more than a third of the school system's $529-million budget was being spent on non-instructional services. The portion devoted to central administration—which sources estimated at roughly 1,600 positions at the beginning of 1991—had doubled in 10 years." The Washington system is less than one-tenth the size of New York City's, so New York City can commend itself on its slim central headquarters staff of 6,000—by Washington standards, it could have 16,000.

The *Education Week* article chronicles the effort to reduce these numbers. In 1990, the new Mayor's Commission on Budget and Financial Priorities proposed eliminating 800 non-school-based personnel. The story reports the efforts of the new superintendent of schools to do so, and up to now it turns out to have been impossible either to dismiss any administrators or force them to return to the schools. The superintendent, the story tells us, reassigned four assistant superintendents and fourteen other non-instructional employees to provide direct services to students, primarily as principals and assistant principals. But three months into the school year, only one of these administrators has shown up at her new post. All the others are on sick leave, with pay.

Of course this is only part of the answer to "where does it all go?" Even bloated bureaucracy has its legitimate explanations. In the public sector we build up great defenses against fraud, improper expenditure, personal discretion in decisionmaking, etc. The New York City schools operate under layer after layer of this kind of defensive bureaucracy. The result is that there may be less fraud but there is certainly more paralysis of independent effort on the part of teachers and principals to do what they think right and effective for education.

There are other reasons for bureaucracy, too. The bureaucracy of the schools is necessary to deal with the elaborate provisions of teacher-union contracts and state requirements, which are necessary—or, whether necessary or not, exist—to protect teachers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and principals from arbitrary decisions (one person's independent initiative is another person's arbitrary decision). Thus the New York City schools find it difficult to hire the right teachers, to fire the wrong ones, to promote the best people to principalships, to remove those who fail, to order supplies on time, to fix windows and get schools painted, or to build new schools. In the first three decades of the century, when the New York schools were expanding to accommodate an immigrant influx in comparison with which the present expansion is minor, schools were built and opened at a rate that it is now impossible to achieve. As the time required to decide on a new school, acquire the site, and design and build the structure lengthened to a dozen years or more, the only escape from the toils of legislation and bureaucracy that made it impossible to build schools in New York City was to create a special school-building authority, freed from (some) of these restraints. We will never achieve again the celerity of the first three decades of this century.

Buildings, books, and unions

There are few problems aside from money in Kozol's book. There are a great many others in two books by writers who have made more intensive studies of just two New York City schools. Samuel Freedman has written a book about one teacher in a New York City high school, *Small Victories: The Real World of a Teacher, Her Students, Their High School*,[4] and Emily Sachar, who went further than Freedman, recounts her on-the-job experience in a New York City junior high school in *Shut Up and Let the Lady Teach: A Teacher's Year in a Public School*.[5]

Reading these books in the light of Kozol's foray, one can see where money would help. But it is certainly not only money that explains the problems of New York City schools. The subject of Freedman's book is Jessica Siegel, a teacher at fifty-eight-year-old Seward Park High School. As the school year begins at Seward Park, "there is a huge hole in the roof, a crumbling ceiling in the faculty smoking lounge, and a shortage of 200 window panes and glass panels, all on order for months. At a nearby annex that serves 900 freshmen and sophomores, a metal fence dented ten years ago has yet to be repaired." When the annex's wiring was

[4]Harper and Row. 431 pp. $22.95.
[5]Poseidon Press. 331 pp. $21.95.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

replaced, the job was so poorly done that turning on two percolators short-circuited the entire second floor. Mr. Freedman does not further investigate the physical problems of Seward Park High, but from other sources, such as reports on New York City schools by watchdog groups and legislative committees, one discovers that the issue is not money. It is the complex ordering procedure which must go through many levels, or dealing with the custodians and their union, or the division of responsibility in any large bureaucratic enterprise, and so forth. It seems impossible to get the New York City public school system, with its 1,000 schools, 1 million students, 90,000 employees, and $7-billion budget to work efficiently, though we know that other, equally large enterprises do. That it is a public enterprise, for which overly detailed rules are set by a state legislature, most strongly influenced by a powerful teachers' union, is one explanation. Another is that occasional scandals drive the legislature and top school management to set new rules and new complications for local school management.

The horrendous tales of the New York City school bureaucracy begin at the beginning. Who has not heard how hard it is for someone eminently qualified to get a job in the New York City public schools suitable to his or her qualifications? It has become a standard item in urban literature. So, for example, Emily Sachar, an education reporter for New York *Newsday*, decides to take a leave from her job and teach in a New York City public school. New York City schools must hire 5,000 or more teachers a year, to make up for retirements, teachers fleeing after one or two years, and teachers leaving before retirement. There is a permanent shortage, and we have recurrent scandals about teachers who can't spell. Nevertheless, the teacher from a good college who wants a job will find the process demeaning and maddening. Ms. Sachar, it seems, was well connected—Robert Wagner, Jr., former president of the Board of Education, and Richard Green, then Chancellor, both supported her efforts, according to her acknowledgments. No matter. A chapter is devoted to how hard it is to work through the hiring and testing bureaucracy, despite the fact that Ms. Sachar was applying at a time of desperate shortage.

She was interested in teaching journalism or, more creatively, mathematics—she had worked as a journalist, and she had been good at math in high school. A functionary tells her, when she has finally reached him, that she can't teach journalism because the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

city has no such license; it will have to be English, but she doesn't have enough courses to teach English. But, she points out, at Stanford she had taken many literature courses: they are, however, listed as "Humanities." He responds: "Doesn't count. Board of Education won't allow it. It's gotta say 'lit.'" She then suggests math, having taken calculus in high school and scored four out of five on the Advanced Placement calculus test. But her transcript doesn't show enough math in college. She is eligible only for social studies. And there are the attendant indignities—hours of waiting, of filling out forms, of being treated indifferently by weary civil servants, and being fingerprinted. As we know, there are good reasons for all of these things. The result is a completely irrational system. Finally she finds someone sympathetic who suggests a route out of the maze. She can take the test in "common branches" (for elementary schools), and then, because she is now "qualified" to teach through eighth grade, she can look for a job in a junior high school (which covers seventh, eighth, and ninth grade) in math or English. It works.

Both schools in these accounts are overcrowded and there is a problem of space. One of the saddest things for both Siegel and Sachar is that they have no place they can call their own in their schools—no desk or room of their own. (This is also a problem in another fine account of a year in a New York City public school by Sara Mosle in the December 16, 1991, *New Republic*.) Teachers carry around all the paraphernalia they need for four or five classes with them all day long. One wonders why teachers with four or five classes cannot be scheduled to teach in one room, rather than be required to rush from class to class. Both schools are in poor areas. Both are heavily minority—as are most New York City schools. Both have large numbers of immigrant children. Both are in the bottom 10 percent of New York City schools in achievement.

But not all New York City schools are in such areas. There must be schools in areas that lose population and students too—after all, New York City's population has, overall, not changed much for fifty years. Nor can it be the case that all crowded schools are in poor and minority areas, and all schools with more space and declining enrollments in well-to-do areas. What happens to the space released in such schools? I suppose the answer is that such schools are not newsworthy enough for Kozol and Freedman. As

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for Sachar, new teachers don't get jobs in such desirable schools, for which veterans have preference, and from which few teachers leave.

Money could help solve the problem of space if there was a way of making rapid decisions to remodel or rent space. And money could solve the problem of copiers, important in both narratives. The copier is generally locked away in the principal's office, and his secretary or some other functionary wields power over it, making it hard for the teachers to make copies of important materials for their classes. But one wonders why there is so much need for copying. It seems that is because books, or the right books, are not available. There is a substantial budget for books and school materials. But the orders go in too late, or are processed too slowly, so the books are not available when school begins, or do not satisfy the needs of one or another teacher, particularly enterprising ones, as in these two books.

The union, for these two independent and creative teachers, is more a problem than a protection. Consider Freedman's account of how the English Department of Seward Park High deals with "Teacher's Choice," a creative union victory whereby each teacher is allotted $40 per class to spend on materials as he or she chooses. But not so fast. They must be ordered from catalogs prepared by the Board of Education. One teacher would like copies of *Julius Caesar* and *Inherit the Wind*, and finds that the catalog contains not one piece of literature. Since many items that will be useful to the entire department are more expensive than the amount of money any individual teacher gets, the department meets to consider whether to purchase additional VCRs and television sets (as advocated by the dominant faction) or a copying machine (proposed by the enterprising Jessica Siegel). The dominant figure in such decisionmaking, it seems, is the union chairman, and televisions and VCRs win. The union chairman does not have a problem of overwork. "She was relieved from one class each term as chapter chairwoman, under the terms of the union contract, and relieved from two others as the school's reading coordinator. Those dispensations left her to teach two sections of reading, in which homework was generally minimal and enrollment was limited to twenty by federal regulation." She is on good terms with the principal.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bureaucracy

One characteristic of both schools that impresses the reader is the size and importance of the within-schools bureaucracy—the principals, assistant principals, deans, chairmen. Even the junior high school has deans for each grade (which enroll 800 students or so), who also have fewer classes or none, and rooms of their own. And with schools this size, one sees the point. The English Department at Seward Park has thirty teachers. Some administrators, one discovers from the accounts, are crackerjack teachers—that's what permitted them to move up. The job of teaching is made so difficult that such a move up is very attractive. And yet one senses that were the work shared more, which would mean bringing more of the administrators and the coordinators into the classrooms, there would be less pressure for the better teachers to move up and out (or simply out, to private and suburban schools, or out of teaching entirely).

What prevails upon New York City that makes it think an elementary school of one thousand, junior high schools or intermediate schools of two thousand, and high schools of three or four thousand, are the right or reasonable size? No private schools, whether the high-tuition schools for the upper-middle class, or the Catholic parochial schools and other private ghetto schools that have fewer resources than the public schools, come anywhere near this size. One reason is that they wouldn't have the money to build such huge schools, or the political authority to acquire the sites they require. The large schools are in part a matter of fashion, of school thinking at one point or another. In the earlier years of the century, when immigrant children swamped the schools, it seemed clear that bigger was better. Further, a kind of "factory" model of urban education was in fashion then. (We generally thought better of factories in those days.) When James Bryant Conant was studying American schools in the 1950s, he argued for large high schools because of the array of courses in the sciences they could offer. Today, the political and bureaucratic effort necessary to get a site for a school and to build it argues for large schools. Yet large schools have no economies of scale—education for the most part still consists of the teacher standing before a group of students.

When special problems emerge, the New York City school system does sometimes adapt, with small schools, in modest

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quarters—for example, a special school for homosexual students who have suffered abuse in other schools, or a variety of programs for dropouts. Whatever the triumphs of adaptation to one or another problem, the dominant mode remains the large school, and its attendant bureaucracy.

The bureaucratic atmosphere extends to everything within the school. Emily Sachar writes:

> There was a strange protocol, almost a pecking order, related to even the simplest things. Teachers, for instance, were to use the pay telephone in the cafeteria rather than the phones in the front office or in the offices of the assistant principals. Administrators were to be addressed by their last names.... We had to remain in school until the dismissal bell rang, even without a last-period class. And we were to clock in [yes, there are time clocks] before the opening bell, even if we were free first period. However, there was no dress code. Many teachers wore jeans, and those who dressed more formally stood out.

In *Small Victories*, Jessica Siegel is the faculty person assigned to the school newspaper, the *Seward World*. It is a demanding job, but one she enjoys, and into which she puts a great deal of effort, for which there is no compensation. Just as the first issue is ready to go to press, she is summoned to a meeting at Board of Education headquarters. It seems that all of New York City's 116 high schools must now have their papers printed at one of five approved printers, one for each borough, because if one combines all printing contracts for all high school newspapers, it turns out *some* printers "earn more than $15,000 annually on school newspapers, exceeding the state's limit for competitive bidding." Jessica prefers her own friendly printer, who is a short subway ride from the school, so her students can get there to deliver copy or pick up proofs easily, and because he is helpful on layout and production and will wait to be paid. The high school newspaper advisors are gathered at Board headquarters to hear how the new rules will work from the deputy administrator of the Board's Bureau of Supplies. There are endless reasonable objections from the various advisors with their multifarious arrangements with local printers. One is cheaper than the winning bid, another employs some of the students. Even if an advisor can find a cheaper printer, it won't be legal to use him. "That doesn't make sense," a teacher says. "The law doesn't always make sense," says the deputy administrator. One teacher points out that the real blame belongs to the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

legislature, not the Board. And so the teachers troop off, some still looking for loopholes.

The frustrations of being an enterprising teacher in the New York City public schools are many and varied, but money, money alone, seems only a part of the story. More money may be spent on printing the school papers than before, but fairness, of a sort, will have been ensured.

The visitor to a New York City school who remembers only his own school days—if they were like mine in the 1930s—will be surprised by three things: the guards at the main entry (and all other entries and exits are locked), the informality of dress, which makes it hard to believe these people are teachers, and the incessant public announcements, interrupting classes and teachers with irrelevancies boomed over the public address system from the principal's office. At least in my experience in visiting a number of schools in poor areas, the visitor will not find the physical conditions of the building very different from the dimly remembered past, or contemporary private and suburban schools, or as neglected as Kozol's account suggests, and the atmosphere in classrooms will still, except for the greater informality, remind him of his own classrooms. One of the virtues of these two reporters' accounts is that, despite their attention to the newsworthy, much of what will come across is the prevailing normality.

The teachers' tales are rich and varied, but in drawing conclusions one must recall they are in two of the most troubled schools of New York City. Seward Park, the principal tells the assembled teaching staff of 300 at the beginning of a new school year, will have 667 incoming freshmen and sophomores, one-quarter above seventeen years of age—indicating they have been held back a number of times or are entering the school as new immigrants, placed in the year most appropriate to their linguistic level. Six hundred more students will enter during the year, mostly new immigrants. Nine of ten are from non-English-speaking homes, one-half are from single-parent homes, 65 percent are on public assistance. The school is ranked among the worst 10 percent in the state. Seward Park is one of only twenty-one neighborhood high schools among New York City's 116 high schools—the others have special programs of all types (including the three well-known high schools for high-scoring, academically able students), for which students must apply. Seward Park and the other neighborhood high

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

schools remain for those who have not been selected for any of the special programs to which they have applied, or have applied to none.

Emily Sachar's junior high school is a "Project Basics" school, one of two dozen troubled schools in New York. It was also a "School Under Review" by the state, because of reading scores and attendance well below state standards.

Students

I am not sure that these two committed teachers would say money is the main problem, though if it would help them get a room of their own, or one class less to teach, they would certainly go for it. They have other problems. There is the steady dribble into their classes of new students who have moved into the school district, from other parts of the city, or abroad, and who have to be accommodated in a class which has only with great effort been whipped into a working educational enterprise. There is the problem of the single disruptive child, who can wreck a classroom but who cannot be removed from the class, and whose parents or parent can be hard to reach. (One is impressed by how often these teachers do resort to the telephone to call a parent about a problem child, and how effective this still is.) And there is more: the loss of students integrated into the class because the assignment of new students has increased the class size above the union limit; the power of the higher school bureaucracy, even though many of these are individually admirable teachers or ex-teachers; the absence of school supplies; or, in the case of Emily Sachar, the poor preparation of the students and their inability to manage the curriculum.

It is easier to adapt a high school English curriculum to lesser student capacities than to adapt a junior high school math curriculum. Jessica Siegel, a University of Chicago graduate who drifted into teaching in the late 1970s (and who may, soon, be drifting out), reminds one of one's best history and English teachers. Freedman gives detailed accounts of her classes, and they are impressive. One class is based on an authentic slave-ship narrative which she has reproduced, but on the whole there is little in her teaching that is, in contemporary parlance, "multicultural." She is trying to give her students the best education they can get, and is helping them get into good colleges.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

As a new teacher with some difficult classes, Emily Sachar, a Stanford graduate, has a lot of problems maintaining order in her classrooms at the beginning, but she does in time develop a way of dealing with her students. Her main problem then is the content of the eighth-grade curriculum, which seems way over the heads of her students. Only one of Sachar's five classes is of high caliber (and some of them can do things that are indeed surprising). For the rest, many cannot spell or produce a proper sentence.

All Sachar is given, as a beginning eighth-grade teacher (no text is available yet), is a "Scope and Sequence"—what the students are expected to learn. The content seems very remote from the capacities or interests of most of her students—negative exponents, scientific notation, simple and compound interest, and, for example, "determine a permutation of n things taken r at a time where r is equal to or smaller than n." Writes Sachar:

> A few weeks after the first marking period, I unilaterally jettisoned the curriculum for my four bottom classes.... The [new] level wasn't eighth grade or even seventh; it was sixth-grade curriculum with a few daring attempts, here and there, to introduce subject matter on their true grade level. Grades improved, as I had hoped, and I was delighted at the new enthusiasm I found in many students.... Only one person was not comfortable with this approach: me.... I had surrendered to the students, and they knew it as well as I. They had shown no inclination to work on the topics I was hired to teach...and so I taught instead how to make change, how to read a pay stub, how to determine the better buy when shopping. ...[T]he sad truth was that my students, yet again, would leave school at the end of the term years behind, and I would be at least partially responsible.

One cannot draw with confidence lessons for all American education, or even New York City education, from the accounts of two teachers, in two of the poorer schools of New York City. But there are lessons, nevertheless. One is that tracking is a necessity, for students and teachers. Poor students, inattentive students, troubled students, can destroy a class. Teachers have always known this. Theorists (and administrators somewhat influenced by theorists) can make other arguments. There is no tracking in Japan, and education proceeds swimmingly there. But if Japan had classrooms similar to those of Seward Park High and Walt Whitman Intermediate School, it would be a necessity. A second is that the bureaucracies required by huge schools, an enormous educational system, and the interventions of public bodies make it harder but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not impossible for gifted teachers to teach and achieve something with their students. A third, perhaps the most important, is that the fundamental problem of big-city schools today as against the past is the quality and character of students, itself a reflection of the huge changes in the structure of the family and the civic disorder to be found in poor black, Hispanic, and immigrant neighborhoods, and that many will not be affected by many of the changes now proposed and being implemented.

Community and choice

The reforms Chester Finn most strongly emphasizes would not affect the students of Seward Park and Walt Whitman much. A new system of national examinations, based on a national curriculum, such as is now being developed in various ways (his book describes where we stand in this enterprise) could not do more than New York State's Regents examinations, which few Seward Park students can pass. The average American school would indeed be improved by stiffer requirements, for these schools require little from their students and spend too much of their effort on extracurricular and social and athletic activities. But this is not the case with poor, big-city schools. One of the main thrusts of Finn's *We Must Take Charge* is justified—American educators, administrators, and teachers generally require too little intellectually from their students, and are too bemused by theories as to the importance of social and other types of non-cognitive development. But this is not the problem in Seward Park and Walt Whitman, where getting students to minimal academic standards is the main difficulty.

There seems little in these two accounts of middle-class Jewish teachers in lower-class minority schools that suggests there is any great problem of cultural sensitivity, culturally irrelevant curriculum, or the like. Sachar did have serious problems getting along with the black teachers, and her account of their distance and hostility makes for one of the most troubling chapters in the book. One wonders whether this might have been owing as much to the fact that she was from Stanford and the big world of newspapers as because she was white. Perhaps she would have had as much trouble relating to many co-workers in any civil-service bureaucracy. Jessica Siegel manages better, in part because she is in a high school, where the quality of the teachers is higher, their educational background better, and perhaps because the able principal at

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Seward Park helps create a better atmosphere than the rather odd and distant principal of Walt Whitman.

One can see some things that would improve most American schools: a national curriculum, good national tests, stiffer standards for graduation, college entry, and jobs. More teachers with good general educations would be helpful in all schools, and the present pressure to reduce the role of education courses, and to increase the role of substantive education in the training of teachers, is entirely justified. But we should realize that not many Chicago or Stanford graduates with a strong general education are going to teach in the New York City public schools. The reduction of the bureaucratic character of American public schools would save money for more useful purposes, and make the job of the creative teacher easier. It is a wonder that private schools, whether for the wealthy and able or for the poor, manage without any overarching bureaucracy at all.

Public schools, which by law must both ensure that all students go to school, and must provide an education for all students, regardless of their capacity, aptitude or motivation, inevitably will need more bureaucracy than private schools, but they have far more than they need. The schools should be smaller, and freer. The argument over choice, whether within the public system, or expanded to include the present private schools, has been endlessly debated, and various forms of choice do make modest headway. This is not the place go through those arguments in detail. Chester Finn emphasizes national goals, national tests, and strong academic requirements more than choice, though he says a few words in its favor. I believe, despite some good arguments against it, that the widest degree of choice politically possible is desirable, and I find two overpowering reasons for it: it reduces bureaucratic power, and it is a means of creating community, the point James Coleman has made most powerfully.

I have wondered why I and many fellow students in the New York City schools of the 1930s were content in a system with almost no choice, and with at least as much bureaucracy (but implemented with many fewer bureaucrats). There is one reason: These schools then did represent the common values of a community, the working-class community of New York. The people of this community had common objectives, common attitudes to schools and teachers, a common lifestyle. Mothers were for the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

most part at home to prepare lunch, fathers were present and worked or sought work, families were for the most part intact, education for the most part was seen as the way to improvement, teachers and principals were respected. Those were the characteristics of the community that made the bureaucratic enterprise of the New York City schools work in the 1930s and 1940s.

These schools do not work as well now for many low-income students, owing to the disintegration of family and community norms, and the change in attitudes toward authority. We have had to develop new responses to new situations in many areas of our lives: for example, the special police forces and security forces in housing projects, transit facilities, and yes, in schools. Another change I would advocate is to permit those who can create stronger communities to choose the schools in which the norms they respect and want to see realized can be enforced and will be generally accepted. The school created through choice becomes an analogue to the development or project with its carefully selected tenants or purchasers, and its private police force. This is a troubling development, but one does see the reasons for it. Similarly, schools of choice permit those who presently cannot find, or pay for, a private school that can impose such norms, a wider opportunity to do so. I believe it is a necessary response to a greatly changed society.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Carrots or sticks for high school dropouts?

JACKSON TOBY & DAVID J. ARMOR

GOVERNOR JIM FLORIO of New Jersey and his wife, Lucinda, both dropped out of high school at age seventeen. Although the two students—who did not know each other at the time—were both capable of doing well in school, getting diplomas was simply not a priority for them. Later, both concluded that they had made the wrong decision. Jim Florio had to go out into the world and see for himself that his lack of education prevented him from realizing his occupational ambitions. Lucinda Florio, who left school to marry and start a family, wrote recently that after dropping out she "would never avoid the feeling of having left something undone...."

But at the time their parents' and teachers' admonitions to stay in school made no impression. The message was sent, but it did not get through. Jim and Lucinda Florio's experiences help explain the poor results achieved by most anti-dropout programs. If they had been invited to participate in dropout-prevention programs in their respective high schools, they probably would not have been interested. Both are examples of a type of dropout unique to affluent

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

industrial societies with near-universal school attendance up to age seventeen or eighteen. Such students drop out because, by definition, mass education cannot appeal to every youngster. Some teenagers develop an expectation that their personal goals will be fulfilled by continuing in school, and others do not. For those who do not, the rational course is to consider dropping out even if they are competent and ambitious; they look for experiences other than formal schooling to equip them for adulthood.

Very different kinds of dropouts also exist, particularly in Third World countries. Some youngsters in developing countries, where welfare programs are virtually unknown, drop out of school in order to go to work and help support their impoverished families. Fifty years ago the United States had a Third World dropout problem too. But with the growth of welfare programs (which subsidize the children of the poor who remain in school) and of child-labor laws (which make it extremely difficult for dropouts to get full-time jobs until they reach age eighteen), dropping out for economic reasons became extremely rare in the developed world. Nevertheless, studies of dropouts still talk about the disproportionate number of minorities and the poor who leave school, as though they were being driven out by poverty. This rhetoric is misleading. Today, dropouts in the United States usually have chosen to leave.

Why should they choose to leave when most adults they know are telling them how important education is? Some sociologists might explain that their peers are disparaging homework and praising money, fun, and cars. Perhaps. But adolescents live in two worlds: the present and the future. They tend to listen to their peers about popular music and how to have a good time, but they look to adults for a better understanding of how to get a good job and whether going to college makes this more likely. That is why a majority of adolescents do *not* drop out even though some may say that their classes are boring and that they hate school. Certain students go to school the way most people go to work: because they regard it as a necessary evil.

Dropouts give a mixture of reasons for leaving school. In a West Virginia study of dropouts during the 1987-1988 academic year, 21 percent said they left because of "dislike of school experiences" and another 24 percent cited "lack of interest or motivation." Eight percent said that "academic difficulty" led them to drop out, 2 per-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cent left because of "behavioral difficulty," and 1 percent dropped out for "economic reasons."

Our rough estimate is that 50 to 60 percent of dropouts leave school, like the Florios, because they do not find schoolwork meaningful to them at that point in their lives. Another 10 to 15 percent leave because of pregnancy or marriage plans. Small percentages leave because of physical or mental illness or in order to pursue careers that do not require formal education. Finally, some 10 to 15 percent of American dropouts leave because they are not capable of functioning in school, perhaps because of a chaotic family situation but often because of problems of their own. Some are drug users, alcoholics, mentally disturbed, learning-disabled, or physically or neurologically impaired. Such problems interfere with their functioning in an ordinary public school, even one with "special education" services. They know they are not doing well; they are not learning as much or as quickly as their classmates. Maybe they are not learning anything at all. Staying in school does not make much sense to them.

We sometimes talk about the responsibility of schools to teach students with such problems. But public education is financially feasible because it is mass education. Even with the help of expensive modern technology like computers, public schools find it difficult to serve the needs of *every* child. In some cases, and especially for youngsters who have not yet lost their motivation to learn, a disability can be overcome with help from teachers, tutors, or counselors. In other cases, a student may have little chance of being put back on track, either because the disability is too great to be overcome or because the youngster's mind is simply closed to further education at the time.

New York's Dropout Prevention Initiative

New York City's experience with a massive attempt to prevent "at-risk" students from dropping out is instructive. In 1985 the Dropout Prevention Initiative was established as a cooperative effort of the New York City Board of Education, the City's Office of Management and Budget, and the Mayor's Office of Youth Services. Over $40 million of special City funding was found to target 4,330 middle school and 6,898 high school students (in twenty-nine different middle schools and thirteen high schools) whose poor attendance records and low proportion of courses

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

passed suggested that they might soon drop out. Seven different kinds of services were provided, including attendance monitoring, counseling, health services, alternative school programs, and, for middle school students, special efforts to ease the transition to high school.

The Institute for Urban and Minority Education at Teachers College, Columbia University, conducted a careful evaluation of the Dropout Prevention Initiative for the three academic years that it was in operation. In 1990 the Institute published its findings in eight volumes of reports totaling over 1,500 pages. There were hopeful signs in some schools and with some programs, such as the Jobs Program at ten high schools, where students showed a gain in rates of attendance. But the results overall were disappointing (although there was no control group that would permit comparisons with similar students who received no services). According to the Final Longitudinal Report:

> The Year One middle school targeted students' attendance had been 77 percent in the prior year and declined to 73 percent in the program year.... The longitudinal analyses found further that both the Year One and the Year Two students had an additional attendance loss of about -8 percent the year after they were in the program. The loss was somewhat greater for students entering high school than for students continuing in middle school.... Middle school targeted students passed about one tenth of a course more in Year One compared to the same students' number of courses passed in the prior year.... However, the rate of passing courses that resulted was still substantially below what would be required to alter the prospect of many students dropping out at some later time in high school.
>
> The Year One targeted high school students' attendance had been 72 percent in the prior year and declined to 63 percent in the program year.... [T]he Year One targeted students' pass rate had been 44 percent in the prior year and declined to 35 percent in the program year.
>
> Overall, the study found that targeted students' attendance deteriorated over time and that it is likely that at least half of the targeted students in each cohort will have been discharged as a dropout three years after their entry into high school.

The evaluators analyzed mountains of data in order to discover why the program failed to meet its objectives. Although they expected to find a strong positive correlation between the average number of phone calls made to targeted students and improved attendance (a connection that a previous study had established) they did not find a significant relationship. In the first year of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

program, an average of $807 was spent on services to each middle school student and $1,090 on services to each high school student. Greater average amounts were spent in later years. Yet the evaluators concluded that many youngsters were not adequately served. Although they admitted that their recommendations were "largely conjectural," they suggested a variety of other methods that *might* reduce dropout rates.

It is perhaps not surprising that the public schools have great difficulty providing satisfaction, not to mention success, to students whose aptitudes or attitudes do not permit them to function within the range of acceptable academic performance. But we should not forget that concern with potential dropouts, although appropriate up to a point, may make school less attractive to high-ability students. A small number of students—perhaps five percent—have well-developed intellectual or artistic talents. But they find little chance for developing these abilities in public schools preoccupied with preventing "at-risk" students from dropping out. Some dropouts, although not many, are high-ability students who are bored to death. Selective schools or selective programs within schools may help prevent some of these students from dropping out. Still, certain able youngsters decide—sometimes with good reason—that staying in high school is a waste of their time.

Of course, many dropouts do not make rational choices. They change the course of their lives by leaving school essentially on impulse: over some trivial quarrel with a teacher, with a girlfriend, with a parent. They realize very soon that they made a mistake, but pride does not permit them to admit it. Yet their inability to control the impulse to leave suggests that they did not feel a deep stake in education. That is to say, they may not have had an important reason to leave, but neither did they have an important reason to stay.

Strategies of dropout prevention

The main flaw of dropout-prevention programs, as they now exist, is that they do not distinguish between different types of potential dropouts. They tend to address dropout prevention indiscriminately, as though any kind of effort will work with any kind of discontented youngster. At the minimum a distinction should be made between youngsters willing to consider further education and youngsters who are determined to leave school. After all, education

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is not cost-free to the student. Learning requires intellectual effort, which is painful for anybody—and very painful for those unaccustomed to making such effort or unfamiliar with the satisfaction obtained from learning successfully.

For the most part, American secondary schools have attempted to increase students' motivation to stay in school by curricular changes that increase the proportion of entertainment to work. The theory, presumably, has been that sugar-coating the education pill will make it easier to swallow. Concurrent with these curricular changes—although not necessarily because of them—the dropout rate has fallen steadily for the past half century. About three-quarters of American youth remain in high school until graduation. Of the 25 percent who drop out, about three out of five eventually graduate from high school—and two-thirds of those do so by taking the General Educational Development (GED) test rather than returning to school.

At the same time, however, studies have demonstrated that high school graduates nowadays know much less than high school graduates used to. Perhaps that was to be expected as we moved closer to giving everyone a high school education. Conceivably, easier courses may have had the unintended consequence of reducing the academic effort of students who would not have left school in the first place. And this may have occurred without increasing appreciably the attractiveness of school for the potential dropouts.

Unlike curricular changes, most dropout-prevention programs are not universal in their impact. They target students deemed at risk for dropping out. This risk is usually inferred from poor academic performance, a bad disciplinary record, or both. Indeed, there is ample documentation that dropouts are typically unsuccessful academically and have little interest in school. James S. Coleman and his colleagues at the University of Chicago analyzed the data from more than a thousand high schools in their monumental study, "High School and Beyond." They found that dropout rates increased dramatically as grade averages declined, from 1 percent for A students to 83 percent for D students. It is not clear whether disinterest in school preceded poor academic performance or poor performance led to disinterest.

Notwithstanding the unresolved problem of the direction of causation, a popular approach among educators is either to try to enhance student motivation by reorganizing the school curriculum

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

or to solve individual academic problems believed to interfere with success. Work-study programs are examples of curriculum reorganization, while tutoring, counseling, and remedial classes are examples of focusing on individual learning problems.

At least on the surface, dropout-prevention programs targeted specifically at potential dropouts, such as the New York City program earlier discussed, would seem to be an efficient strategy. But it makes a great deal of difference whether students at risk of dropping out are at risk because of some personal problem or inadequacy or because they have so little interest in remaining in school that their failures or deficiencies of behavior *result* from their rejection of continued education.

A somewhat different approach is to disregard disabilities and simply to give youngsters incentives to remain in school. For example, one program involved important corporate sponsors that promised graduates of inner-city high schools jobs when they graduated. Another type of program—Eugene Lang's "I Have a Dream" Foundation and dozens of imitators—offers youngsters who graduate financial support to enable them to attend college. But these incentive programs will only appeal to the small fraction of dropouts who have college-level abilities. Other incentive programs offer rewards that have little or no intrinsic connection to education; they are more like bribery. Thus, the Red Bank Regional High School in Little Silver, New Jersey, used a federal grant of $108,000 from the U.S. Labor Department to pay potential dropouts $25 a week for staying in school, attending regularly, and bringing books and pencils to class.

The West Virginia program

A radically different strategy is to bring negative sanctions to bear on the potential dropout. Wisconsin has a program that reduces benefits to families on welfare if their children fail to attend school regularly. The threat is designed to give the family an incentive to monitor the child's attendance pattern. In West Virginia, a similar attempt at "statecraft as soulcraft" began in 1988 with a program that aims to cut the dropout rate by revoking the driver's license of any student under eighteen who drops out of high school before receiving a diploma. A member of the state legislature—himself a high school teacher—advanced the idea because he was worried about dropout and attendance problems and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

believed that the prospect of losing a driver's license would be a credible threat to teenagers in a rural state. (West Virginia permits sixteen-year-olds to obtain motor vehicle licenses.)

The West Virginia "no school, no drive" law attracted considerable media attention throughout the country. Although challenged in a state court, its legality was upheld. By the end of 1989 seven other states had passed similar laws, and the policy is under active consideration in additional states.

The West Virginia initiative departs from traditional reliance on remediation or incentives to keep the dropout in school; it resorts instead to a threatened deprivation. The few critics who raised objections charged that West Virginia was punishing the victim, the dropout, rather than the ultimate cause, poor school programs that fail to teach basic skills effectively or that kill student interest with dull courses.

The West Virginia driver's license law, one of the most comprehensive of those enacted to date, applies not only to dropouts but also to students with poor attendance records. The law denies the driving privilege to dropouts under age eighteen and to those with either ten consecutive or fifteen total unexcused absences during a single semester. In practice, of course, a student with a poor attendance record is likely to become a dropout.

Other state dropout laws resemble the West Virginia model, but there are variations. Arkansas, Florida, Kentucky, Louisiana, Mississippi, and Tennessee also have comprehensive laws that require good attendance records for new licenses and revoke the existing licenses of dropouts or those with poor attendance records. Texas and Virginia require attendance for new licenses but do not revoke existing licenses, and Virginia only requires proof of counseling if a student is not enrolled in school. Wisconsin mandates school attendance until age eighteen, and the driving privilege can be revoked as one of the penalties for truancy.

West Virginia had two full years of experience with the law when we evaluated the impact of a negative-sanction policy directed at all potential dropouts. The unstated assumptions of West Virginia's license-revocation law are: (1) that a significant proportion of potential sixteen- and seventeen-year-old dropouts must have or must be seeking driver's licenses; (2) that the law must be efficiently enforced, which means good reporting procedures, effective implementation of license suspension or denial rules, and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fairly strict standards for exceptions; and (3) that for at-risk students who possess or are seeking driver's licenses, the personal cost of not having a license must outweigh the personal cost of remaining in school. For students with poor academic records or long histories of behavioral problems and disciplinary actions, the relative personal costs may outweigh the advantages of the license.

West Virginia uses a standard definition of a school dropout: any student who leaves school before graduation for any reason except death or transfer to another school. The dropout rate we used consists of the number of dropouts in a given year divided by the enrollment in grades nine through twelve in that year. In the fifty-five counties of West Virginia, we compared dropout rates before and after the laws were introduced; appropriate statistical controls were used to rule out trend effects or other confounding factors that might also explain reduced rates (like differing proportions of students poor enough to be eligible for the free lunch program).

The number of West Virginia school dropouts and the dropout rate for the 1984-1990 period are shown in Table I. Although the total number of dropouts declined by nearly 200 students during the first year of the law (1988-1989), the number of dropouts had declined by over 600 between 1984-1985 and 1986-1987. Thus the 1988-1989 drop could have been due to a preexisting trend rather than to the enactment of the dropout law. This interpretation is reinforced by the fact that the number of dropouts increased by 173 during the second year of the law, thereby interrupting a five-year trend of declining numbers of dropouts.

Table I. West Virginia Dropout Rates, 1985-1990

School Year	Number of Dropouts	Percent Annual Rate[a]
1984-1985	5,367	5.2
1985-1986	5,036	4.9
1986-1987	4,709	4.6
1987-1988	4,725	4.6
1988-1989 (law)	4,535	4.6
1989-1990 (law)	4,708	4.9

[a]Dropouts as percent of total enrollment in grades nine to twelve.

Turning to dropout rates, the annual rate shows patterns similar to the raw numbers: a steady decline until 1986-1987, no change when the law took effect in 1989-1990, and an increase in 1989-1990. The law does not appear to have reduced dropout rates for the state as a whole. The lack of an overall effect on dropout rates dur-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing the first two years of the law can be explained in part by the suspension and enforcement information presented in Table II (enforcement information was available for the second year only).

Table II. Driver's License Suspensions for Dropouts

	1988-1989	1989-1990
Total dropouts	4,535	4,708
Total reports to DMV	NA	3,557
No suspension	NA	2,758
(Percent of reports)		(78.0)
License suspended	687	799
(Percent of dropouts)	(15.1)	(17.0)
Reinstated for return to school	242	182
(Percent of dropouts)	(5.0)	(4.0)

Table II suggests that the West Virginia law is properly administered and enforced by most school districts. Of the 4,708 dropouts during 1989-1990, 3,557 were reported to the Department of Motor Vehicles (DMV). Since school districts were not obligated to report dropouts over eighteen, who account for about one-fourth of all dropouts, the number of dropouts reported should not be as high as the total number of dropouts.

Furthermore, of the dropouts reported to the DMV, 2,758 or 78 percent were found either to have no license that could be revoked (66 percent) or to be over eighteen (12 percent). In other words, the West Virginia law did not affect the vast majority of dropouts because they either had no driver's license or were beyond the age limit of the law. We have no information that tells us whether sixteen- and seventeen-year-olds in West Virginia usually do not have driver's licenses or whether students especially prone to drop out are less likely to have licenses than the general youth population, but we suspect the latter.

True, the law did lead to the suspension of driver's licenses for 687 dropouts in 1988-1989 and 799 dropouts in 1989-1990, but they constituted only 15 and 17 percent respectively of total dropouts in those years. The suspension rate could not get much higher than this given the high proportion of dropouts who did not have driver's licenses or who were beyond the age limit.

Finally, of those 1,486 students with suspended licenses during the two-year period, only 424 obtained license reinstatements by returning to school. There are two ways of looking at this number.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On the one hand, those returnees do represent about 28 percent of the suspension population, thereby suggesting that the law has an impact on some students targeted by the law—those under eighteen and having driver's licenses—although some of these youngsters might well have returned to school even if the law had not been in place.

On the other hand, even if all returnees are credited to the impact of the law, they cannot have much effect on the dropout rate; they constitute less than five percent of the total dropout population. Thus, if *all* West Virginia dropouts with suspended licenses had returned to school, the annual dropout rate would have fallen to 4.4 percent in both years. That only slightly over one-fourth of the dropouts with suspended licenses returned to school means that for most of this group the loss of the license was not sufficient motivation to return to school. As one official from a moderate-sized district stated, "These kids have a lot of problems; the last thing they are worried about is whether or not they have a driver's license."

The new law has not lowered dropout rates statewide, at least during this initial two-year period. In fact, dropout rates actually increased during the second year of the law in spite of a modest increase in license-suspension rates. We infer from interviews with school officials that a number of school districts have changed their administrative or other reporting procedures because of the new law. The increase may be an artifact of the new procedures. If so, we would expect the dropout rate to decline during subsequent years.

Even if the dropout rate proves to have declined in 1990-1991, the decline is not likely to lower dropout rates dramatically below pre-law levels. The reasons are, simply, that too many dropouts either (1) do not have driver's licenses, (2) are eighteen or over, or (3) place too little value on licenses compared to the perceived burden of remaining in school. Furthermore, a recent West Virginia Supreme Court decision has imposed a new requirement for administrative hearings at the local school district level before a license can be suspended. While these additional procedural steps may not reduce the number of license suspensions appreciably, they do add to the administrative cost and burden of enforcing the laws.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When the West Virginia law was announced, it seemed like a creative approach to a difficult social problem. Many prominent officials, including Chester Finn, former Assistant Secretary of Education, and Albert Shanker, president of the American Federation of Teachers, joined a chorus proclaiming that this approach was plausible and well worth trying. But supporters of these policies should bear in mind that, even if small effects can be demonstrated, they require administrative and law-enforcement efforts from agencies that may already be overburdened. Thousands of hours of effort are required to track dropouts, fill out forms, complete reports for the state, and now to conduct administrative hearings. If a small reduction in dropout rates is achieved, it should be weighed against the cost of prevention efforts; a decision must be made as to whether this strategy is worthwhile when compared to the alternatives.

The GED

The GED route to a high school equivalency diploma—the route eventually taken by Jim and Lucinda Florio—is not usually thought of as a response to the dropout problem. After all, GED tests, which are administered by the American Council on Education, are usually taken long after the individual has dropped out of school. Yet GED programs provide reentry points into education for persons of any age. Although 10 percent of those who take the GED tests are over age forty, half are between eighteen and twenty-four. Furthermore, GED programs are infiltrating urban school systems as alternative educational options for students under eighteen. For example, the evaluators of the New York City Dropout Prevention Initiative (DPI) gave warm praise to the GED as an alternative for at-risk students:

> Although a low proportion of the targeted students were discharged into GED programs, almost as many targeted high school students received a GED (5 percent) as received a high school diploma (7 percent) in the first three years of the DPI. It appeared that the GED route had so far been more efficient than the regular school route for highly at-risk students to complete their education at the secondary level.

Actually, the history of the GED program shows that its inventor, Cornelius P. Turner, was concerned from the very beginning with remediating educational deficits resulting from leaving school too soon. Turner had been a school superintendent in Leicester,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Massachusetts, before joining the Navy during World War II. Assigned to the U.S. Armed Forces Institute in Madison, Wisconsin, Navy Lieutenant Turner's task was evaluating the educational preparation of soldiers, sailors, Marines, and Coast Guard personnel for courses offered by the military services.

Some servicemen and servicewomen had enlisted before completing high school. College-level correspondence courses offered under the auspices of the Institute required a high school education, as did many of the vocational training courses that the services conducted themselves. Which non-graduates were intellectually ready for these courses? Which required supplementary high-school-level courses?

Turner developed GED tests for service personnel without a high school diploma to enable them to show that they had somehow gotten the equivalent of a high school education. Once military personnel obtained high school equivalency certificates, a path opened for college-level courses sponsored by the Armed Forces Institute as well as for college attendance in civilian life.

Turner gave his high school equivalency tests a strange name: General Educational Development tests. By "general" he meant to distinguish the educational competence that he hoped to measure by the tests from more specific bits and pieces of information. Here is how he described the GED tests in an article for *The Encyclopedia of Education*:

> GED tests are designed to measure attainment of some of the major goals of secondary school programs.... They are not intended to measure factual recall so much as intellectual power: competence in using major generalizations, concepts, and ideas; and the ability to comprehend exactly, evaluate critically, and think clearly. Adult learning methods are less formal than those learned in schools. They are more likely to depend on first-hand experience, self-directed reading, and informal contacts with other people than upon close examination of texts.

After World War II ended and Turner was demobilized, he joined the American Council on Education to head its Commission on Accreditation of Service Experiences. His new job was supervising the evaluation of the thousands of training courses that veterans had taken during their military service. How much, if any, credit for these courses should they receive in the civilian colleges that the American Council on Education served? Meanwhile Turner continued to believe that people are educated by informal as

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

well as formal experiences; he was pleased that the U.S. Armed Forces Institute was still awarding high school equivalency certificates to military personnel.

Then Turner got a bright idea. Why not extend the high school equivalency program to include civilians? In 1947-1948 he adapted the General Educational Development tests for New York State. The plan was to enable school dropouts with night school courses or educationally relevant work or travel experiences to take the test and get certified by the New York State Department of Education as having the equivalent of a high school diploma. In 1956 Turner began a campaign to extend the acceptability of this alternative route to a high school diploma. He personally lobbied local education officials in all fifty states. Eventually the GED tests were accepted by the education departments of every state and by ten out of twelve Canadian provinces. In 1959—for the first time—the number of non-veteran adults taking the GED tests exceeded the number of veterans.

Civilian test-takers now predominate. About 700,000 people take the tests each year, 30,000 in Spanish, and more than twelve million people have taken it since it started in the civilian sector. What this means is that the mistake of dropping out of high school is not irrevocable. The GED tests open up not only job opportunities but opportunities for further education; a third of those who pursue the high school diploma through the GED route plan to go to college. Women constitute 60 percent of GED candidates and minority adults nearly 30 percent. In short, those who need education to compensate for missed opportunities in the past are taking advantage of GED programs to a disproportionate extent.

Carrots, not sticks

GED programs capitalize on the secret of night school: Voluntary students are motivated students. Motivated students learn more than unmotivated students and present far fewer disciplinary problems to their teachers. On the other hand, dropout-prevention programs, though often ingenious, are almost uniformly unsuccessful. They offer money payments for attending regularly to students who are at risk of dropping out; they take away the driver's licenses of students who leave school before graduating; they reduce the welfare allowances of the families of truants; and they provide remedial academic services. Why do dropout-prevention

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

programs so often fail to attain their educational objectives? Partly because they seek to change the minds of students who are personally convinced that attending high school is useless and partly because they are dealing with youngsters with such incapacitating problems that they are incapable of functioning in an ordinary orderly school.

Attempting to coerce unwilling adolescents to remain in school for their own good does not seem to work. And perhaps we have to be modest enough to admit that we do not possess a magic motivational pill that will change their minds. There are some youngsters who, at their present level of development, will reject formal schooling no matter how well society packages it.

Cornelius Turner suggested an alternative strategy: Wait until life teaches dropouts that at least the equivalent of a high school education is necessary for occupational advancement or for desired further education. GED programs have the built-in advantage of targeting people who, though they have dropped out of high school before graduating, have come to realize that they need more education. They choose to return. Since learning requires a cooperative relationship between teachers and students, this gives GED programs an edge over traditional dropout-prevention programs. As Turner recognized, not all dropouts are so disorganized that their personalities have to be rebuilt from the ground up. Many of those who drop out simply need another chance.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Was it a decade of greed?

RICHARD B. MCKENZIE

GREED HAS BEEN with us at least since biblical times. But to judge by the complaints of today's social critics, the vice hit an all-time high in the 1980s. Cheered on by the Reagan administration (so the argument goes), the American people went on a consumption binge, growing more self-absorbed and less interested in the welfare of others. Political pundit Kevin Phillips characterizes the trend as one of "conspicuous opulence." Its troubling manifestations are said to have included the jump that occurred in the sales of luxury cars and self-help books, the increased popularity of MBA degrees, and the shocking number of Wall Street brokers sent to prison. Even American college students, notes Phillips, mimicked their elders by harboring a "single ambition—*doing something that would make money*." At best, this myopic focus on spectacular examples of self-

A longer version of this article, which draws on data from Giving USA: 1990 *(New York: American Association of Fund Raising Council Trust for Philanthopy, 1990), appeared as a report from the Center for the Study of American Business at Washington University in St. Louis.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

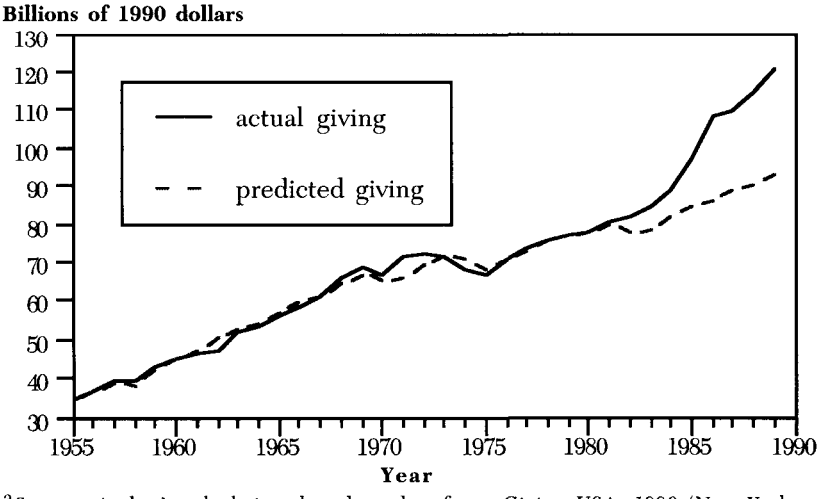
centered or errant behavior offers an incomplete view of America in the 1980s. At worst, it paints a warped picture of the ways Americans lived during a decade of renewed growth.

While critics imply that Americans were less compassionate during the past decade, none appear to have actually looked at the most relevant quantitative evidence—recent patterns of philanthropy in the United States. In fact, these patterns show that the 1980s cannot fairly be described as a "Decade of Greed." On the contrary, giving by individuals and corporations jumped dramatically, regardless of how gifts are measured. Indeed, giving in the 1980s was above the level that would have been predicted from the upward trend established in the previous twenty-five years.

Individual and corporate giving patterns

Total private charitable contributions by living individuals, bequests, corporations, and foundations, reached record highs in the 1980s. This is true even after adjusting for inflation by converting actual dollar figures into constant dollars.

Total Giving, Actual and Predicted, in Constant Dollars



[a]*Source*: Author's calculations based on data from *Giving USA: 1990* (New York: AAFRC Trust for Philanthropy, 1990), pp. 10-11.

The solid line in the figure traces the pattern of total giving in constant (1990) dollars from 1955 to 1989.[1] Total charitable giving

[1]Giving through bequests and foundations is not considered here in detail because of their complicated tax status. Nevertheless, constant-dollar bequest and foundation

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in constant dollars more than doubled between 1955 and 1980, increasing from $34.5 billion to $77.5 billion—a compound annual growth rate of 3.3 percent. Between 1980 and 1989, total giving in constant dollars expanded by 56 percent to $121 billion—a compound annual growth rate of 5.1 percent. During the 1980s, then, the compound annual growth rate was nearly 55 percent higher than that of the previous twenty-five years.[2]

Because giving by living individuals accounts for over 80 percent of all giving, it is not surprising that this category also more than doubled, rising from $30.2 billion to $64.7 billion between 1955 and 1980 (again in 1990 dollars), at a compounded growth rate of 3.1 percent per year. Individual giving reached $102 billion in 1989. Private charitable contributions by individuals grew 68 percent faster in the 1980s (5.2 percent a year) than in the late 1970s and before (3.1 percent a year between 1955 and 1980).[3]

In the 1980s, individuals increased their giving at a much faster rate than they increased their expenditures on consumer goods. Between 1980 and 1989, real total giving by individuals increased by 58 percent, while real total consumer expenditures rose 33 percent. Moreover, the growth in individual giving rivaled or substantially exceeded the growth of real consumer expenditures on a variety of goods and services that might be thought of as extravagances, including new automobiles (60 percent), jewelry and watches (41 percent), meals eaten outside the home (22 percent), tobacco products (minus 12 percent), and personal services such as barbershops and health clubs (38 percent). The increase in total giving by individuals during the 1980s also exceeded the increase in total consumer credit outstanding (48 percent), which was allegedly spiraling upward and out of control during the 1980s.

Corporate giving is far more erratic than individual giving, probably because corporate giving depends heavily upon corporation profits, which fluctuate with business cycles—more so than wages, to which individual giving is tied. Nevertheless, corporate giving in real terms rose from under $1.9 billion in 1955 to over

---

giving followed much the same pattern during the 1955-1989 period. Total bequest and foundation giving rose (using 1990 dollars) from $2.4 billion in 1955 to $14.9 billion in 1971 before falling to under $8 billion in 1979. This category of giving then began to rise once again, reaching $14 billion in 1989.

[2]Because of the advent of the recession, total giving in real dollars grew by slightly less than 1 percent in 1990.

[3]Real giving by individuals in 1990 grew by .4 percent, very likely because of the recession that began in 1990.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

$3.7 billion in 1980, a compound annual rate of increase of 2.7 percent. By 1989, real corporate giving had reached almost $5.3 billion, increasing in the 1980s at a compound rate of 4.1 percent. The growth rate in corporate giving was 52 percent higher in the 1980s than in the earlier decades (2.7 percent a year between 1955 and 1980). And, it must be stressed, the upsurge in corporate giving occurred in the 1980s in spite of the fact that corporate before- and after-tax profits continued to fall in the 1980s as a percentage of national income. After-tax corporate profits represented 8 percent of national income in 1955, falling to half that share in 1989.

Giving patterns over time

The same upward trend in charitable giving in the 1980s is visible when the data are adjusted for population growth. Real per capita giving by individuals shot upward from $284 in 1980 to $409 in 1989, with the rate of growth more than twice the rate of earlier decades.

Another important indicator, private donations as a share of national income, increased by 29 percent from the late 1970s to the late 1980s, rising from 2.1 percent of national income in 1979 (a year without a recession) to 2.7 percent in 1989. This reversal in giving patterns occurred in spite of the continuing increase in total tax payments as a percentage of national income throughout the 1970s and 1980s.

As noted, the solid line in the figure shows the actual pattern of total giving over the 1955-1989 period. The dashed line shows the predicted amount of giving for the whole period based on the statistical relationship between giving and several economic variables, most importantly national income and tax rates.[4] The predicted figures for total giving closely match the actual level of giving during the 1955-1979 period. In the 1980s, however, the level of total giving began to rise rapidly above the predicted amount. Indeed, total annual giving in constant dollars was, on average, more than $14 billion and 16 percent higher during the 1980s than would have been predicted from the giving patterns of the 1950s, 1960s, and 1970s. In 1989, actual total giving exceeded predicted total giving by more than $28 billion, or by 30 percent.

[4]The predicted values for real total giving are based on an ordinary least squares regression equation including real gross national product, total government receipts as a percent of national income, and a trend variable as the independent variables.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A comparison of the actual and predicted figures reveals that during the 1980s, actual individual giving exceeded predicted individual giving by an annual average of $13 billion, or 18 percent. Corporate giving in real dollars was, on average, 28 percent higher during the 1980s than would have been predicted from past giving patterns.

Why more charity?

While the facts of increased giving are self-evident, what leads people to give more is not so easily discerned. Nevertheless, it is worth noting that both casual observation and econometric analysis of the data on charitable donations indicate that the level of giving is clearly related to people's incomes and tax rates. Higher incomes lead to increased philanthropy. One plausible explanation for the increase in charity in the 1980s is that economic expansion continued through virtually the whole decade, and incomes rose faster than in the 1970s.

High tax rates can also lead to more giving. Because many charitable contributions are tax deductible, the higher the tax rate the lower the after-tax costs of any given gift. When a person faces a marginal tax rate of 40 percent, for example, a $100 contribution actually costs the donor $60 in after-tax disposable income (the $100 gift minus the $40 reduction in tax payment). A lower marginal tax rate of 28 percent increases the after-tax cost to the donor to $72 (the $100 gift minus the $28 reduction in tax payment). Taken by itself, the Reagan administration's lowering of federal tax rates might imply lower giving.

However, if lower rates stimulated economic activity, the resulting increase in income could have stimulated giving in two ways. First, higher earnings may have enabled people to give more. Second, higher incomes may have driven some taxpayers into higher brackets, lowering the after-tax cost of some charitable giving. Viewed in this light, the growth in giving may be one of the most important overlooked supply-side consequence of the cuts in federal income tax rates passed in 1981.

Giving probably went up for a number of other reasons, the most notable of which may be changes in religious attitudes and activities. While the percent of Americans who were church members stayed close to 60 percent throughout the 1980s (down from 64 percent in 1960), giving to religious causes rose dramati-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cally. In 1980, religious contributions represented 46 percent of total giving. During the 1980s, the increase in religious contributions accounted for 74 percent of the increase in total giving, which means that by 1989, giving to religious causes had increased to 54 percent of total giving.

It may be that changes in the country's income distribution explain a portion of the greater giving. However, it is not clear whether those changes raised or lowered giving. People earning less than $10,000 and over $75,000 in 1989 gave between 2.4 and 2.9 percent of their income to charitable causes. However, members of the vast middle class, with incomes between $10,000 and $75,000, generally gave less than 2 percent of their incomes.

Perhaps citizens recognized that government agencies could not and would not meet all social needs. They were certainly prodded by nightly news reports concerning the plight of the homeless and environmental damage. It may also be that the technology of fundraising improved, and charitable organizations and fundraisers discovered the usefulness of the new technology, especially cable television, which began to be used extensively in the 1980s for religious broadcasts and other forms of fundraising. Evangelical religious organizations did expand relative to many other churches during the 1980s. Another possibility is that giving rose because more resources were devoted to fundraising. This would mean that the actual funds available to charitable causes may not have risen as much as giving did.

Obviously, the full range of causes behind the charitable explosion of the 1980s awaits further research. Claims that economic power has been abused, although often based solely on isolated cases, have a way of being repeated so frequently that they are believed without hesitation. The 1980s may have been, by some measures not considered here, a decade of greed. There were, no doubt, individual instances of outlandish efforts to achieve "conspicuous opulence." But the facts about charitable giving offer a dramatic rebuttal to ill-considered claims about the narcissism of the past decade.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

So much for "scarce resources"

STEPHEN MOORE

IN 1980 THE well-known environmentalist Paul Ehrlich bet his philosophical adversary, the economist Julian Simon, $1,000 that in a decade five resources of Ehrlich's choosing would have higher prices. Ehrlich chose copper, chrome, nickel, tin, and tungsten. All five resources declined in price and Ehrlich lost the highly publicized bet, recently chronicled in the *New York Times Magazine*. Some concluded that Ehrlich simply chose poorly.

Yet the evidence shows that Ehrlich would have almost surely lost regardless of what five resources he had selected. For whatever the dangers the planet may face in the 1990s, on one score the 1980s have demonstrated that our fears were overblown: The predicted scarcity of material resources as a result of increasing population and increased industrial activity did not occur. Indeed, by every objective measure natural resources became *more*, not less, plentiful in the 1980s. Since 1980 the price of virtually every source of energy, every agricultural commodity, every one of the earth's minerals, and every forest product has declined. This finding contradicts all of the frightening predictions of impending

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

resource shortages issued in the 1960s and 1970s. The data are incontrovertible. They reveal the following surprising trends for the 1980s:

•Of thirty-eight natural resources examined for this article, thirty-three experienced a real decline in price from 1980 to 1990; three had no change in price since 1980; and only two, manganese and zinc, had a higher real price in 1980 than in 1980.

•For many of the commodities studied, the real price reductions were substantial. For instance, eleven of the resources—antimony, corn, mercury, oats, platinum, rice, silver, sorghum, soybeans, tin, and tungsten—today cost only half what they did in 1980. Aluminum, barley, carrots, cement, coal, cotton, glass, lead, milk, wheat, and wool each declined in real price by at least 30 percent over the decade of the 1980s.

•The most impressive gains were in agriculture: on average, food prices declined by more than 30 percent in the 1980s to an all-time low in 1990. Meanwhile, a composite index for mineral prices fell by about 20 percent, energy by 15 percent, and forest products by 15 percent.

•Despite highly publicized warnings in the 1970s that by the year 2000 all of the world's oil reserves would have nearly vanished, oil prices have consistently fallen over the past twelve years and may soon reach their pre-OPEC levels of 1970. Pre-tax gas prices are lower today in real terms than in 1973, before the OPEC-engineered price increases. The steep reductions in oil and gas prices have been so remarkable that many environmentalists now complain of the ecological damage that will occur as a result of cheap and accessible energy.

The resource-price declines in the 1980s should not be altogether surprising. They are mainly continuations of trends that have been recorded over long periods of history. On average, natural resources are roughly 20 percent less expensive today than in 1980, half as costly as in 1950, and five times less costly than in 1900, relative to the amount of time a person needs to work to purchase them. The media have remained strangely silent on these benign trends. Of course, they do not fit the more popular apocalyptic view of the dismal fate of the earth. Yet the steady downward path of natural-resource prices during the past decade remains one of the most encouraging, but untold, economic and ecological success stories of the 1980s.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

What we know

With respect to some environmental issues, determining what public-policy response, if any, is most appropriate is limited by the lack of sound data to measure the problem. For instance, on the subject of global warming there is some evidence of the earth's temperature rising in recent decades—although scientists are divided over the extent to which this warming trend has actually occurred, over how much of a threat this poses to human life on the planet in the next century, and over the degree to which human intervention is responsible. Species extinction and tropical deforestation are two other issues regarded by many scientists as serious environmental threats that were neglected in the 1980s. Here again, the problem for scientists and policymakers is that the kind of reliable data needed to measure the ecological losses and formulate the best public-policy responses are simply not available. These measurement deficiencies explain why one group of scientists can argue that certain environmental threats are extremely serious and urgent, while others of equal expertise will maintain that the threats are marginal or nonexistent. In many cases the most honest answer is that we simply don't know yet.

Fortunately, in some key environmental areas we do have reliable scientific data. Contrary to popular opinion, many of these trends reveal clear improvement over the 1980s. For example, although Americans have been inundated with news stories regarding the decline in air quality during the 1980s, most measures of urban air quality show steady improvement over the past decade—in quantities of lead, sulphur dioxide, carbon monoxide, and several other contaminants.

But on the issue of natural-resource availability, we not only have reliable scientific data covering the past decade, for many natural resources we can compare the level of scarcity today versus 50, 100, and even 200 years ago.

For many years the conventional wisdom has been that America is rapidly exhausting its finite supply of natural resources. Some influential scientists warn that the world is losing its capacity to feed itself in part because prime farmland is being constantly paved over and topsoil is being eroded. A recent public-television show entitled "Race to Save the Planet" quoted several agriculture experts as saying that population growth is outpacing world food production. Similarly, worries about impending energy shortages in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the next century have motivated the U.S. Congress to press for a new National Energy Strategy containing such measures as mandatory energy-conservation policies. In the Northwest, environmental groups are preventing loggers from cutting down trees in well-publicized efforts to save the forests.

Population pressures, economic growth, and industrialization are said to be factors causing unsustainable geometric increases in the use of America's—and indeed, the world's—natural resources. Because of physical constraints on the overall supply of the earth's natural resources, argues Herman Daly, an economist with the World Bank, economic growth and resource usage can continue indefinitely only if scientists discover "a way to widen the diameter of the earth." In the 1970s this basic idea became popularized as the "limits to growth" theory of natural resources. As man uses more of the earth's limited resources, there will inevitably be less left over for future generations.

Today, the "limits to growth" philosophy has given way to a new, but similar orthodoxy called "sustainable development." Sustainable development means that growth should be restrained to levels that do not damage the environment and do not deplete our natural resources. The concept assumes that there is a trade-off between economic and environmental progress. Proponents of sustainable development argue that conservation and recycling, which under many circumstances are wise and appropriate economic and natural-resource policies, warrant the status of moral imperatives.

On the other hand, some academics have always questioned the limits-to-growth paradigm, and have challenged the evidence that America is running out of its natural resources. They argue that many of the earth's resources may never be exhausted if the rate of technological innovation to discover and produce resources exceeds our use of them. For instance, fifty years ago no one would have thought that oil could be recovered from the bottom of the sea, or that copper cables to transmit sound, pictures, and other forms of information could be replaced with transmissions from satellites revolving around the earth.

What prices mean

The most objective method of resolving the question of whether resources are becoming more or less scarce is by examining their price trends. Price is the most objective way that economists have of measuring the relative scarcity of a good or service. Moreover,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

price does not just measure the availability of a resource today, but is also a gauge of its availability—and the demand for it—in the future, based upon the information currently accessible to buyers and sellers. (Indeed, there are commodity-futures trading markets whose purpose is to equilibrate current and future prices of agricultural products, minerals, oil, and many other resources.) A rising price of a commodity, good, or service is a signal that demand is outpacing supply (or is expected to outpace supply in the future) and that a shortage may emerge. For example, in the early 1980s, Cabbage Patch dolls doubled and tripled in price as parents' demand for the dolls rose well beyond the number available in stores.

The same law of supply and demand applies to natural resources. If there were an impending shortage of food or timber products, then buyers and sellers would consistently bid up the price. Conversely, if a huge new reserve of oil were discovered, or demand for oil were expected to drop because of the sudden introduction of an alternative energy source, buyers and sellers would consistently bid down oil prices.

In the section below, the historical price trends for five categories of products are examined: agricultural products, energy sources, forest products, minerals, and miscellaneous raw materials.

Agriculture

One of the more apocalyptic predictions about U.S. food production was made in the early 1980s by Lester Brown, president of the Worldwatch Institute. "The period of global food security is over," he declared. "As the demand for food continues to press against the supply, inevitably real food prices will rise. The question no longer seems to be whether they will rise, but by how much."

In contrast to such ominous forecasts, the decade of the 1980s saw universal and steep reductions in the real price of food and other agricultural products. For fifteen of the sixteen agricultural commodities examined the real price fell, with the price declining by more than 30 percent for eleven of the commodities. For example, the real price of corn was twice as high in 1980 as it was in 1989, while the real price of milk was 75 percent higher. Clearly, for the vast majority of American families food is far more affordable today than a decade ago. These falling prices also should quell alarms about vanishing prime farmland and the loss

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of topsoil—two crises cited in recent years which scientists now generally acknowledge are unfounded. (Evidence of this can be found in the fact that the price of prime farmland fell substantially in the 1980s.)

Examining agricultural prices over a longer time period indicates that food prices have been falling steadily for years. Since at least the turn of the century, the prices of virtually all of the sixteen commodities have fallen relative to the price of other goods and services. Relative to wages, agricultural commodities are significantly cheaper today than at any time in the past. For instance, in the year 1900, barley, corn, cotton, oats, and wheat were ten times more expensive than today in terms of the average worker's purchasing power. In fact, the 1970s was one of the few decades when progress was not made in lowering food and other agricultural prices. On average, agricultural prices rose by 10 percent in the high-inflation 1970s, but by the mid-1980s prices had generally fallen below their 1970 level and continued to fall in the late 1980s.

Clearly these century-long price reductions cannot be accounted for by a few years of good weather. They are a result of the steadily increasing productivity of the American farmer. Farm productivity has far outpaced population growth over the past century. Modern technologies in farm equipment, pesticides, fertilizers, and irrigation techniques have brought about a surge in agricultural output over the past century and over the past decade. In fact, the problem in agriculture faced by U.S. policymakers today is too much food production, not too little. It is now apparent that the United States has the capacity to feed a population much greater than today's 250 million.

The food situation on the global level is similarly bright. There is no evidence that world population is growing faster than food production. In the introduction to his book *Global Food Progress 1991*, Dennis T. Avery of the Hudson Institute documents this favorable trend:

> More people enjoyed adequate nutrition in 1990 than ever before in the world's history. Per capita crop production continued to increase, with important gains in such countries as India and China.... Given the increase in food production and the breadth of the gains in a wide variety of countries and basic food staples, there is little doubt that a higher proportion of the world's population had adequate food than ever before.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Forest products

The proposition that forests are being cut down faster than they are being replanted in the U.S. has become part of popular mythology. President Bush recently launched a national tree-planting campaign to reverse presumed losses in the 1980s. Yet the data for the 1980s show that although there may be some cause for concern about preserving the forests in Brazil and other developing nations, in the U.S. the forests are not shrinking. No current or future shortage of trees is evidenced by the price data of forestry products. Over the past decade, the real price of paper and lumber fell by 10 and 30 percent respectively.

Although it is true that over the past 150 to 200 years lumber prices have been rising relative to prices of other products, the more meaningful measure, timber prices relative to wages, shows a gradual downward trend. Indexed by wages, today's lumber prices are one-third of those in 1950; one-sixth of those in 1900; and roughly one-tenth of prices in 1800. Economists Roger A. Sedjo and Marion Clawson of Resources for the Future have documented the long-term improvement in the inventory of U.S. forests:

> As a result of dramatically higher wood growth in the United States, and as a result of timber harvest at a rate less than growth, inventories of standing timber have increased significantly since 1920. The popular view is that the United States is consuming its wood faster than it is growing and that we are denuding our forests. In fact, exactly the reverse is happening—we are building them up.

Improved forestry technologies and know-how have played a vital role. Through a combination of new industrial practices, such as "Parallam," a process that allows loggers to yield more wood products from harvested trees, improved forest-management techniques, which accelerate the process by which trees grow to maturity; and modern paper-recycling techniques, the future supply of forests, trees, and their commercial by-products seems relatively assured without increased government intervention.

Where deforestation is a problem in the U.S., it is prevalent not on privately owned forest lands but on government-owned forest lands. Here economic inefficiencies have contributed to substantial losses of trees. For instance, the U.S. Forest Service provides an estimated $800 million per year in subsidies to private timber companies to cut down trees in federally owned forests. Senators Tim Wirth (D-CO) and the late John Heinz (R-PA) complained in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a recent report: "If the Forest Service were a private firm, the value of its assets would place it among the top five of the Fortune 500 list of large corporations, while in net income terms it would be classified as bankrupt." Similarly, in the past decade, the government's "let it burn" policies have led to tens of thousands of lost acreage of valuable trees in national forests such as Yellowstone National Park. Turning more forest lands over to the care of the federal government would seem to be an inappropriate resource preservation policy.

Minerals and raw materials

Unlike agricultural and forestry products, minerals are "nonrenewable" resources and thus are believed by many environmentalists to be becoming inevitably more scarce over time. Just fifteen years ago, Paul and Anne Ehrlich prophesied that by 1985 "mankind will enter a genuine age of scarcity ... in which the accessible supplies of many key minerals will be facing depletion." The Carter Administration's 1980 *Global 2000* report reiterated this gloomy assessment.

Yet of thirteen minerals examined for this article, eleven declined in price in the 1980s. The two exceptions were manganese and zinc. In several cases the drop in price was dramatic. The real prices of antimony, mercury, silver, platinum, tin, and tungsten declined by more than 50 percent over the ten-year period. However, as with agriculture, in the 1970s most mineral prices rose.

The long-term price trends for those thirteen minerals also exhibit patterns of improvement for consumers. Relative to the consumer price index, most minerals have declined in real price over the past 100 to 150 years. For instance, a pound of lead in 1990 dollars cost 62 cents in 1910, 46 cents in 1960, and 38 cents in 1990. Antimony, platinum, and tin are notable exceptions. Relative to wages, however, all but one mineral (platinum) have fallen steeply in price. Most minerals at the turn of the century were five to ten times more expensive in terms of the numbers of hours of work needed to purchase them. As an example, mercury is roughly one-eighth as expensive relative to wages today as in 1900. It was twenty-five times more expensive in 1850 than it is today.

The steady decline in mineral prices is attributable to several factors. One of these has been the constant discovery of new mines. A second has been new technological innovations in min-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing techniques which lower the cost of resource recovery and allow mining from areas where excavation was previously technologically and economically infeasible. Finally, the introduction of less expensive or superior substitutes for the use of some minerals—such as the use of more efficient fiber-optic cables in place of copper telecommunication cables—have lowered demand for some of these commodities.

Along with minerals, most basic raw materials used in industrial production declined in price in the 1980s. For example, cement prices fell by roughly 40 percent from 1980 to 1990, glass prices fell by almost 35 percent, and a composite index of all metals showed a 15 percent decline. These declining price trends have continued since at least 1960. The worldwide outlook is much the same. Economist G.F. Ray recently found that the 1980s "will go down in economic history as a period when [the price] of primary products hit rock bottom, whatever method is used to illustrate their real value of purchasing power." In sum, there is no conceivable case for predicting any world shortage of basic raw materials.

Energy

Ever since the OPEC oil embargo of 1972, energy security has been an understandable concern of American citizens. In 1989 Barry Commoner said of America's energy policies: "If we do nothing and just continue the way we are, using 95 percent of our energy from fossil fuels, it will create an economic collapse long before fifty years from now."

The truth is that if we "continue the way we are" energy will become less and less expensive over time. The past decade has witnessed prices reversing their 1970s upward spiral, and gradually falling for almost every form of energy, including coal, electricity, natural gas, and oil. Oil is a prominent example. In 1981 the price of oil peaked at roughly $32 per barrel. In that year President Reagan lifted all remaining government-imposed oil-price controls and began to systematically dismantle virtually all of the Department of Energy's domestic research and development, conservation, and alternative-fuels programs. By 1986 oil had fallen to $13 per barrel in nominal dollars. In 1990, during the Iraqi occupation of Kuwait, Persian Gulf supplies of oil were interrupted and the price rose temporarily to about $35 per barrel. Subsequently oil prices have fallen almost all the way back to their pre-invasion

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

levels. By late 1991 oil was selling at $20 per barrel or, in inflation-adjusted dollars, roughly one-third of its 1981 price.

The story for gasoline prices is even more dramatic. The *New York Times* reported in July 1991 that "adjusting the price of gasoline at the pump to reflect changes in the Consumer Price Index, the average price in the first five months of this year, $1.15, was 6 percent lower than in 1972, the year before the oil embargo." The pre-tax price of gasoline is now lower than at any time since 1947. "The good old days, when it comes to oil prices, are now," says Daniel Yergin, an energy historian with Cambridge Energy Research Associates.

One reason for the declining price of energy in the 1980s is that Americans became substantially more energy-efficient. For instance, although economic output in 1989 was roughly 30 percent higher than in 1979, and although the U.S. population rose by 10 percent over this period, energy consumption was up only about 3 percent. In other words, energy use per dollar of GNP was roughly 20 percent lower in 1989 than in 1979. This increase in energy efficiency is due to a number of factors, including mandatory government conservation measures. But simple economics largely explains why the U.S. uses less energy today per unit of output than in earlier periods: Consumers and industry responded to higher prices in the 1970s by discovering new ways to become more energy-efficient. The auto industry, for example, started producing more fuel-efficient cars in response to changes in consumer demand. New energy-saving technologies in industrial production were developed to cut fuel costs in the late 1970s. The benefits provided by these innovations will long outlast the energy crisis that created them.

Despite criticisms that America is hugely wasteful of energy, the evidence indicates that the nation is more fuel-efficient today, than ever before, and more energy-efficient than many other nations. Nonetheless, President Bush and Congress are currently considering a long list of 1970s-style energy proposals such as price controls, mandatory conservation measures, energy taxes, and new subsidies for alternative-fuels programs.

Energy prices examined over a long historical period have shown much wider fluctuations and less progress than for most other resources examined here. For many energy commodities, such as coal, prices adjusted for inflation were actually lower in 1900 than in 1990. This would suggest increasing scarcity.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

However, when adjusted for wages the long-term picture shows far more improvement for all energy forms. In 1900, for example, the wage-indexed price of coal was roughly five times higher than its current level and the price of oil was two and a half times its current level. In sum, as with all other natural resources, energy is not becoming more scarce over time; it is becoming more plentiful, though not as rapidly as other commodities.

Conclusion

Although all of the data presented above are exclusively for the United States, the worldwide natural-resource picture is very similar to the U.S. experience. For instance, the global food picture is as bright as it has ever been, as discussed above. Furthermore, the World Resources Institute recently compiled worldwide indices for fifty-five commodities—ranging from Peruvian fish to Malaysian aluminum. All but six of the resources declined in real price. For consumers all over the world, natural resources became more affordable in the 1980s.

The actual events of the 1980s have discredited the gloomy predictions of such highly publicized reports as the Club of Rome's 1972 *Limits to Growth*. After a decade of declining prices, today most natural resources are cheaper in the U.S. than at any time in the last 200 years. Importantly, this trend toward increasing availability of natural resources in the 1980s corresponded with a period when U.S. officials implemented precisely the opposite natural-resource policies to those prescribed by the apocalyptic reports of the 1970s. Rather than moving toward greater government intervention and control—policies that were tested with the best of intentions in the 1970s but produced little positive effect—existing regulations were relaxed or repealed in the 1980s.

The major economic lesson from natural-resource trends over the past two decades should be clear: It is often the marketplace, not the government, that can ensure for America a resource-rich future.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Reassessing federal disability insurance

CAROLYN L. WEAVER

RECENT ADVANCES in medicine, science, and technology—and changes in the labor market itself—have opened new opportunities in the workplace for disabled Americans. People with once-debilitating illnesses or diseases can now return to work. Disabled people who previously had little hope of competing in the job market are earning college degrees and moving into professional jobs. People with mental retardation or certain forms of severe mental illness are finding their way into jobs in the service sector.

Despite these advances, total employment of the disabled remains relatively low. According to aggregate statistics—which are themselves unreliable because of the problems associated with self-reporting of disabilities—less than 50 percent of working-aged people with disabilities are in the labor force. Among those who work, part-time work is more prevalent and hourly wages are lower than among non-disabled workers.

A longer version of this article was originally presented at a conference of the National Academy of Social Insurance.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

With the enactment in 1990 of the Americans with Disabilities Act (ADA), the federal government made a major commitment to promoting the employment of disabled Americans. The ADA is a comprehensive civil-rights measure that bans discrimination in employment, public accommodations, public services, telecommunications, and transportation. The regulations designed to implement the new law have been written and are scheduled to take effect in the months ahead.

But having promised so much to the disabled—not just jobs, but independence, freedom of choice, and access to "mainstream" America—the ADA will, I believe, be a disappointment. For despite its laudable goals, the ADA is likely to have only a limited impact on the employment of disabled people. Moreover, the law will increase costs for both business and consumers. These largely unanticipated consequences are likely to prompt a reassessment of the whole panoply of federal programs for the disabled and force a rethinking of the role of the government in meeting the varied needs of people with disabilities.

Such a reassessment may well focus on the Social Security Disability Insurance (DI) program—the federal government's largest direct spending program for the disabled. In recent years, this program has grown dramatically and changed in ways that will have an adverse effect not only on the nation's economy but on the disabled themselves.

Transformation of a program

Since the mid-1980s, the DI program has quietly entered a period of rapid growth. In 1990, almost a half million people were added to the disability rolls, more than were added in any year since 1977. The proportion of beneficiaries leaving the rolls due to medical recovery or return to work stood at half the rate of the late 1970s. Together, these trends have two important implications. First, they portend increased budget costs and, possibly, program insolvency during the 1990s. Second, because of well-known work disincentives in the DI program, they suggest that the ADA will be further limited in its ability to promote the employment of the disabled. In some important respects, the DI program and the ADA work at cross-purposes in their effect on the employment of the disabled.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In addition, there is a transformation taking place in the population being served by DI, which is likely to have adverse fiscal, economic, and social ramifications for years to come. DI once served only older workers, predominantly those with physical disabilities. It was commonly referred to as an "early-retirement program." DI now serves increasing numbers of middle-aged and younger men and women claiming benefits on the basis of mental disorders: Nearly half of those added to the rolls each year are under age fifty, as compared to fewer than one-third in 1970. Close to one-fourth of new beneficiaries are awarded benefits on the basis of mental disorders, double the rate in 1970. These workers have very poor prospects of ever returning to work or voluntarily leaving the benefit rolls.

This transformation raises serious questions about the ability of DI, as it is currently designed, to meet the income-support needs of workers of all ages, with disabilities of all kinds, while maintaining proper incentives for rehabilitation and work. It also calls into question the government's ability to decide, in a systematic way, who is and is not disabled.

Background

Workers who are covered by Social Security gain eligibility for benefits under the DI program in the event of severe disability. Benefits are payable at any age and continue until the individual returns to work or is found by the Social Security Administration (SSA) to have medically improved and regained the ability to work. Workers must meet a five-month waiting period before cash benefits are payable; Medicare coverage begins after two years on the benefit rolls.

Some three million disabled workers and their families, 4.3 million people in all, receive cash benefits at an annual cost of $28 billion. For workers newly disabled in 1991, monthly benefits range from $470 for the low-wage worker—an amount which replaces roughly 55 percent of pre-disability earnings—to $1,220 for the high-wage worker, which replaces about 24 percent of pre-disability earnings. The replacement rate for the average-wage worker is 43 percent. There are annual cost-of-living adjustments and additional supplements for family members. Maximum monthly benefits range from $680 for families of low-wage workers to $1,828 for families of high-wage workers.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The original DI program, enacted in 1956, was similar to today's program but more limited in its scope and objectives. Benefits were payable only to workers age fifty and older, there were no benefits for spouses or dependent children and, of course, there was no hospital-insurance protection. (Medicare was not enacted until 1965.) Only a small proportion of benefits were awarded to people with mental illnesses. The major expansions of program spending in the 1970s and since the mid-1980s have not been accompanied by major expansions in the law, but rather by changes in regulation, program administration, and the economic, political, and adjudicative climate.

Defining disability

The legal definition of disability has always been strict. For purposes of DI eligibility, disability means the inability to engage in any "substantial gainful activity" by reason of a medically determinable physical or mental impairment which has lasted or can be expected to last at least twelve months, or is expected to result in death. Individuals must be so severely disabled that they not only are precluded from doing their previous work but also, given their age, education, and work experience, are unable to engage in any other gainful activity anywhere in the national economy.

Despite the strictness and apparent simplicity of this standard, the administration of DI has been plagued throughout the years by the fact that disability is not an easily verified condition. Except in extreme cases—very severe or very slight impairment—deciding who is disabled is a complex and costly process vulnerable to errors of judgment. Hundreds of pages of federal regulations and rulings are supplemented by a procedural manual, nearly 35,000 pages at last count, explaining precisely which of the hundreds of different types of physical or mental impairments are disabling at what levels of severity. These documents spell out how to assess ability to work and how to weigh various factors to establish the presence or absence of disability when an individual's impairment does not meet these criteria. Doctors, lawyers, vocational experts, bureaucrats, and judges are all involved in evaluating and adjudicating the claims of the more than one million people who file for disability benefits each year. One-quarter of those granted benefits find their way onto the rolls not when they initially apply for benefits but on appeal. (The chances of having benefits granted on appeal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to an administrative-law judge are better than 50 percent; people alleging pain or mental illness are disproportionately represented among those awarded benefits on appeal.)

Not surprisingly, in a program where many cases are not clear-cut and there is room for discretion by decisionmakers, costs are highly sensitive to the economic and political environment. The number of applicants and the proportion granted benefits tend to rise and fall with changes in the adjudicative climate. Both tend to rise when the actions or statements of program administrators, judges, or key policymakers are consistent with a loosening of program eligibility. Likewise, the number of applicants tends to rise and fall with changes in economic conditions. For example, applications tend to rise during periods of high unemployment.

The period from 1970 to 1977 provides a vivid illustration of the potent effects on program costs when poor economic conditions coincide with lax administration. During that time, the number of applicants jumped more than a third, from 870,000 to 1.2 million; the number of beneficiaries jumped 80 percent, from 2.7 million to 4.9 million; and program costs soared from $3 billion to $12 billion, a 150 percent increase in real dollars.

As the experience of the 1970s suggests, DI is plagued not only by difficult administrative problems but also by work disincentives. Chief among them is the relatively high level of income replacement for some workers. Considering the availability of family benefits and Medicare, other sources of public and private disability income, and the possibility that other family members can increase their work effort, some workers experience little or no reduction in net family income when moving from work to benefit status. Work disincentives are strongest for low-wage workers, whose benefits replace the highest relative proportion of preretirement income. For people who work despite disabilities, DI can become an attractive escape hatch when labor-market conditions deteriorate or personal circumstances change—when an older worker is laid off, for example.

Another disincentive lies in the all-or-nothing nature of eligibility. A worker is judged to be either completely disabled or not, either eligible for full cash benefits and valuable Medicare protection or for nothing at all. Beneficiaries with the ability to overcome their circumstances and work—even part-time—are discouraged from doing so. Thus, once a worker is on the disability

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rolls, he is generally there to stay. People are far more likely to die or to reach age sixty-five (when they convert to Social Security retirement benefits) than they are to return to work. The average time on the rolls now exceeds nine years.

Disturbing trends

Against this backdrop, the costs and consequences of recent trends in DI can be better appreciated. Four trends in particular are worth highlighting. (Unless otherwise noted, data are drawn from the most recently available Social Security Administration sources.)

First, there has been a marked decline in the age of new beneficiaries, with the average age (for men) dropping below fifty for the first time in history in 1986. Between 1980 and 1989, the average age fell from fifty-one to forty-nine, continuing a trend that began early in the life of the program. The average age was fifty-five in 1960 and fifty-two in 1970. The proportion of new beneficiaries under age forty jumped by more than one-third during the 1980-1989 period, from 18 to 25 percent. For purposes of comparison, both the mean and median age of the U.S. population rose over the decade of the 1980s; the proportion of the population under age forty remained roughly stable.

Changes in the age distribution of beneficiaries raise important economic and fiscal concerns. The economic costs of disability—measured in terms of foregone output and income—rise as workers exit the work force at younger ages. Not only may the output of prime-age workers be greater than that of their older colleagues, but that output will very likely be lost for more years. When the age at which benefits are granted is reduced, costs will increase commensurately.

According to a recent study by SSA researchers, an individual entitled to disability benefits at age 35-49 typically draws benefits twice as long as someone entitled at age fifty or older (12.5 years versus 6.5 years). People entitled to benefits at age 18-34 average 18.4 years in the program, nearly twice the overall average.

The second trend is a marked increase in the proportion of people awarded benefits on the basis of mental disorders. Between 1980 and 1990, the proportion of people awarded benefits based on a mental disorder jumped from 11 to 23 percent. The mental award rate had remained stable during the prior decade at roughly 11 per-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cent. Among younger workers under age thirty-five, the proportion granted benefits based on a mental disorder was 45 percent in 1988, up by one-third since 1980. A quarter of the people granted benefits at ages 35-49 had their claims approved on the basis of mental disorders.

According to SSA data, people with mental disorders demonstrate below-average recovery experience. This is true across age groups, although, unfortunately, it is more pronounced among younger people. SSA researchers report that individuals between the ages of 35-49 who are granted benefits on the basis of mental disorders stay on the rolls 31 percent longer than average (16.4 years compared to 12.5 for others in the same age group). Individuals between the ages of 18-34 granted benefits due to mental disorders stay on the rolls a startling 25.5 years, or 39 percent longer than the average for that age cohort (18.4 years). No other major diagnostic group shows worse recovery experience in terms of time on the rolls.

The upward trend in allowances based on mental disorders can be traced in part to 1984 legislation directing SSA to revise its regulations to "reflect the latest advances in diagnosis, evaluation and treatment." The express purpose of the new regulations was to clarify and update the criterion used in evaluating mental impairments, not to loosen eligibility. But the new rules effectively unmoored the determination of disability in mental-impairment cases from its traditional basis: clinical findings by medical professionals. Now, evidence of the daily living activities and social functioning of individuals, including statements offered by friends and family members, has become an important factor in evaluating disability and ability to work. The documentation and verification of mental disorders is highly problematic in any event, but particularly when based on statements by such third parties. The net effect of this and other changes in the regulations, whether intended or not, was a substantial loosening of eligibility. (Certainly there is no generally accepted evidence that severe mental illness has become much more prevalent since the 1980s.) The upward trend in allowances is also due to the fact that the new regulations came on line during a period of generally looser program administration.

Third, there has been a sharp increase in the proportion of applicants granted benefits across diagnostic categories. Whereas

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

31 percent of applicants were awarded benefits in 1980, 44 percent were granted benefits in 1990, an increase of well over one-third. This jump was sufficient to increase the number of workers added to the rolls by 18 percent, from roughly 397,000 to 468,000. The proportion of applicants granted benefits now stands at about the same level it did in the early-to-mid-1970s.

It is worth noting that the jump in allowance rates is too large and has taken place over too many years to be explained by the changing composition of applicants or by recent, adverse labor market conditions. The number of applicants actually fell from 1.3 million in 1980 to its 1990 level of 1.1 million, so the pool did become smaller, but virtually all of the decline occurred in 1981 and 1982; the allowance rate has risen without interruption since then. The current recession, of course, dates only to 1990.

Rising allowance rates, in turn, have led directly to an increase in the number of new disability beneficiaries per thousand insured workers, referred to as the "disability incidence rate." In 1990, nearly four insured workers per thousand were awarded benefits, a figure higher than in any year since 1980. As before, this trend cannot be explained by the current recession (the incidence rate has risen continuously since 1982, when it bottomed out at 2.9 awards per thousand workers) nor is there any reason to believe that it results from trends in the health of the overall working-aged population.

Fourth, there has been a sharp drop in the proportion of disabled workers who leave the rolls due to "recovery," that is, an improvement in their condition or return to work. The number of terminations due to recovery fell by almost half from what was already a very low level—from 2.1 terminations per hundred disabled-worker beneficiaries in 1980 to 1.1 per hundred in 1989. Despite improving medicine, technology, and rehabilitation techniques, as well as a generally younger beneficiary population, proportionately fewer beneficiaries are leaving the program than in the 1960s and 1970s.

It is important to note that the statistics on "recoveries" reflect both voluntary terminations, in which an individual's condition improves and he or she returns to work and notifies the SSA, and what might be called involuntary terminations, in which the SSA initiates an eligibility review and finds that the individual is no longer qualified for benefits. These latter terminations tend to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dominate the statistics. Moreover, federal policy regarding eligibility reviews—and the adjudicative climate generally—changed quite dramatically during the 1980s. An initial period of tightening during the first Reagan administration was followed by a period of loosening that continues today.

Eligibility reviews

Following the rapid growth of DI during the 1970s, Congress enacted legislation to tighten administrative control over the program. Signed by President Carter in 1980, the legislation contained a series of provisions to improve accountability and uniformity in decisionmaking. Embedded in that legislation was a little-noticed provision that ignited a firestorm of political protest: the requirement that the SSA review, at least once every three years, the continuing eligibility of all DI beneficiaries (except those with permanent impairments). In the span of just thirty-six months, from March 1981 to March 1984, the SSA managed to review just over one million people and found almost half of them (45 percent) ineligible for benefits.

To assess continuing eligibility, the SSA used the same criterion it used to assess initial eligibility for applicants: ability or inability to work as evaluated on the basis of the laws, regulations, secretarial rulings, and directives in effect at the time of review. This appeared to be a reasonable policy in that it ensured equal treatment of people on the rolls and newly disabled people seeking benefits. However, it provided no assurances that people on the rolls would remain there unless their medical conditions improved. A finding of ineligibility could result from the growing specificity of the SSA's regulations defining disability or from an erroneous initial decision, not just from an improvement in the individual's condition.

Members of Congress generally did not anticipate the high rate of terminations nor did they anticipate the wrath that would accompany the removal of people from the benefit rolls. Many of the people who lost benefits had been on the rolls for years, having never undergone a review; they quite reasonably came to believe that they were on the rolls for life. Given the strict definition of disability in the law, even those who were correctly judged to be ineligible for benefits were likely to have what were commonly

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

viewed as "real" disabilities. Neither the federal courts nor the popular press took kindly to the terminations.

Thus, in 1984, at the same time it called for a revision of the mental-disability standards, Congress relaxed the rules used by the SSA to evaluate continuing eligibility. Under the new rules, which remain in effect today, there must be substantial evidence that an individual has medically improved to support a finding of ineligibility. Ability to work, as evaluated by the SSA, is no longer sufficient grounds for termination.

With these new rules in place, the SSA has sharply reduced the number of cases it reviews each year and has found a substantially larger proportion of cases reviewed eligible for continued benefits. According to data compiled by the House Ways and Means Committee, 90 percent of recipients reviewed in 1989 had their benefits continued; the number of reviews stood at 260,000 annually, down from a peak of 430,000 annually in 1982.

Rising costs

Evidently, the deliberalization then liberalization of DI—whether de facto or de jure—has had a major impact on recovery experience and, as evidenced by the jump in allowance rates, on other aspects of the program as well. While it remains unclear what the long-term fiscal impact of the 1984 legislation will be, the experience to date is far more adverse than expected at the time. The social security actuaries, and policymakers generally, failed to recognize the powerful effects of the adjudicative climate on social security decisionmaking. They also failed to anticipate the extent to which the regulatory process could become captured by interest groups seeking expansion in the name of clarification.

DI clearly is positioned for a substantial increase in costs in the 1990s and the years ahead. Even without the expansion observed in recent years, the program will have to contend with the aging of the population; the relatively greater incidence of disability among older workers ensures that the long-range cost of most disability programs will rise. In addition, the increase in allowance rates and the changing age and impairment characteristics of beneficiaries will have potent cost effects. SSA actuaries report that a one-percentage-point increase in the net-annual-allowance rate adds $1 billion to the five-year cost of the program. Insolvency within the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

decade of this trust-fund-financed program is not out of the question.

According to the government's official projections, issued each year in the annual report of the Social Security Board of Trustees, the cost of DI will jump from $28 billion in 1991 to $40 billion in 1996 and to $54 billion in 2000. In real dollars, that is a 35 percent increase over the period. The total number of DI beneficiaries (including spouses and children) is projected to rise by half—from 4.2 million to just over six million—within fifteen years. Under the Trustees' pessimistic assumptions, the benefit rolls will double in size, to eight million people, by 2010. These projections do not fully account for the trends described above.

Few people who have observed the growth and development of DI believe that greater labor-market discrimination is the cause of these trends in DI or that the passage of the ADA will reverse them. The ADA imposes a costly requirement on employers to accommodate the limitations of disabled workers, and this, perversely, will tend to harm the employment prospects of some disabled people, particularly those with low skills and severe impairments. Moreover, since the DI program has, throughout history, been a one-way ticket out of the labor force, the swelling number of disabled workers on DI is likely to serve as a further impediment to the long-term effectiveness of the ADA.

Information, incentives, and disability

Policymakers seeking more effective programs for the disabled at lower economic cost will have to come to grips with the incentives built into government policy. Disability is inherently a condition affected by individual choice; individual choice, in turn, can be affected in important ways by the design of government programs.

Most people face a choice about whether or not to work or, at least, about how much to work. All of us know someone who has overcome a very severe disability to work, either because of financial necessity or personal wherewithal, and most of us know someone who does not work despite circumstances that would permit it. There are people everywhere in between these two extremes who decide at some point in the course of their illness, injury, or condition whether or not to work and, if so, whether to work part-time or full-time.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Individuals also make choices regarding occupation, life style, education, training, rehabilitation, insurance coverage, and quality and timing of medical care. All of these choices affect the probability and severity of impairment, and the probability of recovery. Many of these same choices, along with family, community, and public support, influence how disabling an impairment will be in the labor market. Unfortunately, none of these factors is easy to quantify in terms of its effect on work disability.

That disability is affected by individual choice has two important implications for government policy. First, as suggested above, incentives matter. Poorly designed government programs can increase the proportion of the population with mental or physical impairments and the proportion experiencing work disabilities, thus raising the economic costs of disability.

Second, accurately assessing who is disabled and to what degree is an elusive goal at best—one that has stumped federal bureaucrats, administrative-law judges, and federal judges dealing with Social Security disability cases for the past three decades. There is an enormous information problem in deciding who is disabled, what the effects of disability are, and how those effects can be minimized.

Market approaches

At this point, there is every reason to believe that promoting the employment of the disabled requires expanding the number of disabled people willing and able to work, improving the information and understanding employers have about the skills, capabilities, and potential of people with disabilities, and enhancing—not undermining—employers' incentives to hire the disabled. Public policy should foster an environment in which the disabled bring strong skills to the workplace and employers have the incentive to develop creative new ways of incorporating the disabled into the workforce.

Incentive-based approaches hold real promise for promoting the employment of the disabled and doing so at lower economic cost than mandated-benefit programs. This applies to the whole range of disability-related programs, including education and rehabilitation programs, tax provisions affecting disabled workers and their employers, and the various income-support and health programs for the disabled. The introduction of vouchers in the vocational

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rehabilitation program, for example, would introduce freedom of choice for consumers and competition in supply for providers that could only improve incentives and enhance the success of this $2-billion government program.

In DI, we should move away from the income-support model, which is based on the static premise of "once disabled, always disabled," and move toward an insurance model in which controlling incentives is a central aspect of program design. Presently, everyone with the same earnings pays the same "premium" for DI, a 1.2 percent tax (employer and employee rate combined) on the first $55,500 of earnings, regardless of age, health, or other characteristics, and everyone with the same earnings profile is eligible for the same level of benefits. We should develop policies designed to promote the grading of "premiums" on the basis of risk characteristics. People who face greater probabilities of disability as a result of personal choices, such as the decision to smoke or pursue a risky occupation or hobby (coal mining or sky diving, for example), would pay more for insurance coverage. Benefit amounts or duration also could be graded on the basis of the recovery characteristics of different impairments. While adjustments such as these would necessarily be imperfect, they nevertheless would offer the prospect of improving the incentives of workers to prevent illness, accident, and disease, and to return to work when possible. Well-designed changes in premiums or benefits would help ensure that the nation's largest disability-insurance program did not inadvertently add to the size the disabled population.

One popular proposal that can only loosely be described as a "work incentive" provision is to allow DI beneficiaries to return to work and continue to receive Medicare and a partial cash payment. (A similar provision now applies to the disabled poor under the Supplemental Security Income program.) The problem with this proposal is that it deals with only half of the work incentive issue, ignoring entirely the incentives created for people still at work. It overlooks the government's limited capacity to discern who is and is not disabled. As a result, it is sure to add more people to the rolls. With this provision in place, people who are now at work despite impairments would be sorely tempted to drop out of the work force just long enough to establish lifetime eligibility for benefits. Keeping the potentially disabled population (those with more or less severe impairments who are nevertheless working) on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the job is essential to controlling the cost of DI and the aggregate economic costs of disability.

In the long term, we should consider privatizing the supply of disability insurance for workers who are not yet disabled. This would allow the federal government to target resources on, and to provide more adequately for, people with special needs: those with severe congenital abnormalities, unemployed people who become disabled without public or private insurance, and people with terminal illnesses or catastrophic health expenses. DI provides the same "product" to everyone. As a result, the program is severely limited in its ability to meet the needs of any one group particularly well.

Our experience with a federal disability-insurance program clearly demonstrates the government's limited capacity to decide who is disabled in a systematic and cost-effective way. The problem is partly informational and partly political. Our experience has also revealed the government's limited arsenal of weapons for controlling costs. Rather than using the means available to private insurers, which can be targeted and cost-effective (such as risk-grading premiums), the government periodically tries across-the-board approaches, such as tightening initial eligibility and making it harder to get on the rolls. These approaches are indiscriminate in their impact on the disabled, have predictably negative political consequences, and have no constructive impact on incentives.

Private insurers do not have all the answers either. They, too, have their hands full trying to decide who is disabled and how best to respond. However, in a competitive marketplace private insurers have strong incentives—and are far better positioned—to modify contract provisions, introduce new diagnostic and evaluation techniques, or try new methods of financing and administration in response to changing circumstances and opportunities.

With DI privatized for the routine risks faced by the typical worker, the federal government could turn its attention to the question of how best to insure the risks of other people with special needs. A portion of the substantial resources now being devoted to providing income support for prime-age men and women with substantial work histories could be redirected to other worthy causes—including meeting the needs of disabled children and adults who presently have little hope of jobs in a competitive labor market, with or without civil-rights protections.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The science of cancer

RICHARD D. POLLAK

HAS CANCER reached epidemic proportions? In recent years there has been a barrage of newspaper, magazine, and television stories about the carcinogenic potential of everything from pesticides and nuclear power plants to apples and broiled meat. Ask the man or woman on the street and he or she will probably tell you that the incidence of cancer has increased tremendously since the turn of the century because we now use too many chemicals and artificial substances.

At first glance, the statistics do indicate that cancer is on the rise. The number of cancer deaths this year will be about 510,000, while in 1930 the figure was 110,000. But a closer look reveals that this apparent increase is explained by an absolute increase in the size of the U.S. population and by Americans' increased longevity. Since cancer is primarily a disease of the elderly—one half of all cases occur in persons age sixty-seven or older—a population that is both larger and longer-lived will naturally tend to have more cancer deaths. However, with the important exception of lung cancer, the cancer-mortality *rate* per 100,000 individuals in a given age range has either decreased or changed little since 1930.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

For example, in 1930 the age-adjusted death rate for cancer of the uterus was 32 per 100,000; in 1985 this had decreased to about 7 per 100,000. Beginning in 1930, after a rise over a fifteen-year period, colon and rectum cancer death rates decreased steadily for the next forty years. Prostate cancer rates increased for about ten years, did not change appreciably over a thirty-year period, then showed a slight increase over the past fifteen years. Leukemia and pancreatic cancer rates showed a small but steady increase until the early 1960s and then also leveled off. Bladder and esophageal cancers have not increased since 1930, while liver cancer deaths have decreased steadily over this entire period. After rising moderately in the 1940s, breast cancer rates have also remained fairly stable. The two most startling rate changes are for stomach and lung cancers. Stomach cancer deaths have decreased about sixfold since 1930, while deaths due to lung cancer have increased almost fifteenfold to an age-adjusted rate of over 45 per 100,000. While the reasons for the decrease in stomach cancers remain a mystery, epidemiological and laboratory data strongly suggest that increased cigarette smoking accounts for the increase in lung cancers.

Thus, once the numbers are adjusted for age and population size, and if the special case of lung cancer is put aside, we see that cancer rates have not increased, and that for many cancers the rate of incidence is actually lower. Far from experiencing a cancer epidemic, in other words, modern industrial America has been able to support an increased population that is healthier and longer-lived than ever before. Cancer is no more of a plague then it was two generations ago.

How, then, can we explain the prevalence of the perception that cancer is increasing and that this increase is a product of all the new substances that we have created? Part of the explanation lies in the fact that as we all live longer, and as our society ages, each of us is more likely to either suffer from the disease or know someone else who has. But it is also true that the same technological advances that have created the new products that are blamed for "causing cancer" have also created much more sophisticated methods of detecting and measuring these products and then testing their effects on biological processes.

In many ways, however, scientific method has not kept pace with technological developments, and even more worrisome, faulty science has led to poor public policy. By selectively applying tests

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for carcinogenicity to "artificial" products, we have succeeded in convincing ourselves that technological advance is almost by definition bad for our health. And by accepting—under the policy of "better safe than sorry"—the use of highly questionable methods of carcinogen testing, our scientists and policymakers waste time and resources that could make a contribution to lowering the incidence of cancer. These resources would be far better spent educating the population about such real and easily avoidable cancer dangers as smoking and sunbathing, and solving basic scientific questions concerning cancer.

Carcinogenicity testing

It is critically important to understand the methods used in many of the studies that assert that modern chemicals are poisonous. The damning of particular chemicals, pollutants, or other physical agents usually comes at the end of a series of steps. At each stage certain assumptions are made and a certain amount of guesswork are involved.

The most basic testing processes involve three steps. First is the so-called Ames test, named after biochemist Bruce Ames, which categorizes substances as carcinogenic or noncarcinogenic according to their mutational effects on bacteria. Next comes the extrapolation of effects of substances on test animals to postulated effects on the human population. Third, high-dose effects realized in animal tests are statistically extrapolated to postulated low-dose effects in human populations. Yet several of the assumptions on which these basic steps are based are quite controversial within the scientific community. Some fly directly in the face of current knowledge.

The Ames test is the method most often used to categorize substances as carcinogens. Special bacteria are treated with the substance being tested, and the bacterial DNA is then checked for mutations. Mutations often have the effect of changing a cell's behavior, and in humans this process is believed to be the first step in the transformation of a normal cell to a cancerous cell. The Ames test is used extensively for categorizing substances as carcinogens and is the basis for many of the scare stories about various compounds. Yet Ames himself has questioned some of the conclusions reached by using this method.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When the Ames test was first developed, prevalent theories held that rare mutational events were the critical contributors to the development of cancers in humans. Therefore the mutagenicity of a foreign substance was assumed to be a direct measure of its danger. Today, however, although DNA mutation is held to be a critical stage in transforming cells to a pre-cancerous state, it appears that pro-mutational DNA damage occurs continuously in our body's cells as part of the normal processes of life. These DNA-damaging events seem to occur naturally in such high numbers that it is unlikely that they could be increased significantly by external factors to which we are exposed in small or moderate amounts. Cellular mechanisms for repairing the damaged DNA are responsible for ensuring that we are not constantly riddled with vast numbers of tumors.

Another factor to consider is that the likelihood that mutagenic substances will be found carcinogenic in high-dose rodent studies is less than 70 percent, while about 54 percent of substances deemed carcinogenic in rodent studies are not found to be mutagenic in the Ames test or other short-term tests. Therefore, the usefulness of the Ames test is quite limited; although it can tell us which substances have the chemical capability to alter DNA, it tells us little about a substance's cancer-causing potential. Unfortunately, undiscriminating though the Ames test is, it is still used by governmental agencies as the first step in deciding which products are permitted in the marketplace.

An even more fundamental problem is posed by the selection of substances for testing. If, in the procedures to determine what is mutagenic, we insist that only new or artificial materials are potentially dangerous, and therefore test only these, aren't we rigging the scales so that only artificial substances will be found to be dangerous?

This is exactly what is happening. Ames and his colleagues tested naturally occurring compounds in the environment and found that they had the same percentage of mutagenic material as artificial substances. In other words, the Ames test gives no reason to believe that synthetic compounds are creating a more dangerous world. And if we look at our exposure to all the compounds that are mutagenic, either through inhalation or ingestion, we find that we are exposed to natural mutagenic substances thousands of times more than to mutagenic synthetics. Yet what gets the headlines is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

news that yet another new product has been found to be potentially cancer-causing.

Humans are not rodents

After a substance is shown to cause mutations in bacteria, it is next tested in animals. Tests of potentially hazardous substances are usually done on laboratory animals such as mice and rats by exposing the test animals via injection, inhalation, or dietary inclusion. After a period of exposure the animals are killed and analyzed for tumor formation.

Rodents are the animals of choice for many of these tests because these short-lived animals are prone to very high numbers of naturally occurring tumors. The long life span of humans seems to reflect, in part, possession of unique defense systems that resist cancers; hence we only see a marked increase in cancer after the age of forty. Because of this, it is not always easy to determine the relevance of the cancers in the test animals to those occurring in humans. Some animals develop tumors that bear little resemblance to those found in humans. But it was assumed that animal studies using high doses of the mutagen would give a good indication of the carginogenic effects on humans, and that low-dose exposures would show similar, albeit fewer, cancers.

Many substances will cause tumors in test animals, but extrapolation of effects from animals to humans requires the utmost caution. Seemingly minor differences between the physiological properties of the affected animals and those of their human counterparts can make a significant difference in a substance's effects. These variables must be accounted for if extrapolation is to have any validity. For instance, in inhalation studies, do the characteristics of lung retention of particulate matter show the same profile for rats and humans? In dietary studies, are the detoxifying biochemical profiles of the liver and other organs similar? Where bladder cancers are indicated, are the urinary constituents chemically the same, are the voiding habits similar, and so on?

A study by Samuel L. Cohen and Leon B. Ellwein on the possible carcinogenic effects of saccharin, published in *Science* in 1990, illustrates this point. In the 1970s a traditional risk assessment of saccharin was undertaken. Male rats were fed high doses of the artificial sweetener and developed tumors. The results were extrapolated to estimate the risk humans faced if they consumed saccha-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rin in normal amounts, and a ban on saccharin was proposed (although subsequently the ban was prohibited by the U.S. Congress).

But there were several problems with the study. First, it involved massive doses of saccharin, equivalent to 800 cans of soda per person each day for his or her entire lifetime. And there were more subtle problems as well. Researchers noticed that female rats were much less likely to develop bladder tumors than males. Other test animals, such as mice and monkeys, were even more unlikely to show ill effects.

This prompted investigators to go a few steps beyond the usual assessment. Cohen and Ellwein evaluated the physiological differences between the male rats, the female rats, and the other animals that did not develop tumors. As a result, they discovered that the male rats' urine contained a particular protein that interacted with the saccharin to form a precipitate that in turn had tumorigenic effects. Female rats, mice, and monkeys, which all have little of this protein in their urine, did not show the ill effects that had led to the classification of saccharin as a carcinogen. Most important, human urine also lacks the constituents that would form this precipitate—a finding that is not surprising, given that there is no association between human consumption of saccharin and bladder cancer. When basic physiological differences like these are not taken into account—and unfortunately that is usually the case—extrapolations of demonstrated pathological effects from animals to humans are all too often incorrect.

The threshold effect

When potentially dangerous substances are evaluated in test animals such as mice, they are usually tested in very high doses. When the substance shows a positive carcinogenic effect in animal tests at the high doses, it is often assumed that this effect will occur in a proportional manner at all doses, even those approaching one or two parts per billion. Thus the experimenter draws a straight line from the experimental findings at high doses to the results he hypothetically expects to occur at levels approaching zero.

This is a linear extrapolation from large tested doses to small non-tested doses. If it is legitimate, even minute amounts of the substance should be avoided. However, such a model is considered

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

naive at best and is often used in a misleading manner. Most biologists believe that a non-linear model, where there is no detectable increase in effects until a threshold amount has been exceeded, is most accurate. Below this threshold level of exposure a substance has no detectable effect.

The threshold effect is well known in biology as well as in other physical sciences. A substance that is neutral, beneficial, or necessary in small amounts can become toxic in large doses. In other words, taking one or two aspirin for a headache is fine; taking a full bottle is highly toxic. Estrogens are normal sex hormones; excessive amounts will cause several diseases, including cancer. Water is absolutely necessary for life; ingesting too much water will cause seizures, coma, and death.

Only when doses are so high that other effects, such as increased mitogenesis (induced cell division), come into play would the substance in question act as a carcinogen. This is because at very high exposures it appears to both damage DNA and induce cell replication. This seems to be what happens when test rodents are exposed to MTD (Maximum Tolerated Dose).

Current theories on the mechanism of carcinogenesis hold that mitogenesis plays a critical role in causing cancer. Findings that support this theory call into question our use of animal tests that employ high doses of chemicals to ascertain carcinogenicity. In fact, certain agents that are non-mutagenic can nonetheless increase cell division and inflammation and thereby act as carcinogens. We would expect this type of carcinogen to exhibit a threshold mode of activity: that is, at exposures well below toxic levels these compounds do not act as carcinogens, but at very high (near-toxic) doses they do.

Thus, occupational cancers seem to occur primarily among workers who have been exposed to high, near-toxic doses, indicating that the carcinogenic effect may be due to mitogenesis. Clearly, such workers must be protected from these very high exposures. But in cases where these substances do not exhibit the same effects at lower doses, we have little reason for concern when they are present in smaller amounts.

Take the case of ethylene dibromide (EDB), a chemical that tested positively as a carcinogen in high-dose studies, in which the doses for test rodents were only slightly larger than the actual exposures for human workers who handled the material in an

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

industrial setting. On the basis of these results California lowered the allowable exposure to EDB for industrial workers, thereby protecting them from toxic doses. This was unarguably a correct decision.

But based on the same studies, the EPA banned the chemical from use as a crop fumigant. Here the policy deviates from science. The amounts found in grain on which EDB had been used were thousands of times less than they were for the industrial workers or for the test rodents. In terms of carcinogenicity, the danger to the public posed by EDB in grain was effectively one hundred times less than that posed by eating a single mushroom. On the other hand, the use of this chemical for crops helps protect our food supply, making possible a more plentiful supply of fruits and vegetables. In turn, cancer rates are probably lowered far more significantly by the fiber, antioxidants, and vitamins contained in these foodstuffs than by misguided bans of chemicals that are present only in trace amounts.

A general misconception is that most carcinogens result from human interference with nature. Yet despite the terrible press that man-made pesticides have suffered since Rachel Carson published the 1960s classic, *Silent Spring*, biochemist Ames's work indicates that there is little danger from properly applied pesticides for the population at large, either from small residues in our foods or from low-level contamination in our drinking water. Actually, by weight, over 99.99 percent of the pesticides in our diet are naturally occurring. Of seventy-seven natural pesticides tested in rodents, thirty-seven have proved to be carcinogens. Most fruits and vegetables contain these chemicals, but to rid your diet of them would be silly indeed.

A variety of celery that recently appeared in grocery stores provides a clear example of how counterproductive the mindless distrust of everything man-made can be. In order to reduce the use of "artificial" pesticides, a strain of insect-resistant celery that requires no external pesticide application made its way to the nation's tables. This strain is naturally resistant to insects because it produces large amounts of its own pesticide, so much so that workers handling the celery developed rashes. The natural pesticide is carcinogenic. Is cancer less dangerous if it is "organic" and "all-natural"?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Alar scare

Another telling example of the failure to properly use our understanding of the complexity of carcinogenesis is the Alar scare of 1989. Alar is a chemical that controls the ripening of apples, allowing the growers to harvest and store apples optimally. The apples for consumption are thereby larger, more uniform in size, and far more plentiful. The mouse study that led to the ban of Alar used extremely high doses of a chemical found in Alar. The chemical is not genotoxic, or DNA-damaging, so it would only be carcinogenic as a result of prolonged exposures to near-toxic amounts. Investigators managed to produce tumors in a group of mice by using doses so large that 80 percent of the mice died prematurely, directly from chemical toxicity. The dose of the chemical under study was more than 35,000 times the maximum amounts consumed by young children, the most exposed members in the population.

The study was considered highly questionable by the EPA's Federal Insecticide, Fungicide, and Rodenticide Act Scientific Advisory Panel, because the toxicity to the mice was much higher than normally acceptable limits. A second, equally serious problem was the fact that the mice developed blood-vessel tumors, a type of tumor extremely rare in humans, raising the possibility that the effects in mice would in any case not translate to the human population.

Britain's agency for pesticide use has declared Alar safe for consumers, and California's Department of Food and Agriculture has calculated that the probable lifetime risk for use of Alar-treated apples is 3.5 cases of cancer per trillion people. Put another way, the U.S. population would have to increase 1,000 times before one extra tumor would appear.

Nevertheless, on the basis of the highly questionable animal tests discussed above, the EPA issued a ban on Alar in February 1989 that was scheduled to go into effect eighteen months later. The time lag reflected the estimate that the threat supposedly posed by the substance would not exceed the guidelines by that time. At this point the Natural Resources Defense Council (NRDC) hired an ad agency that created a highly unorthodox media scare campaign against Alar. This led to the removal of apples, apple sauce, and juice from school lunches, and a soaring demand for organic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

produce in the nation's supermarkets. Alar was effectively banned (its manufacturer, Uniroyal, suspended all U.S. sales of the product); the apple growers suffered severe financial losses and even ruin; and consumers were deprived of plentiful and cheap access to a very healthful food. Apple growers are now suing the involved media and the NRDC.

Epidemiological studies

The most valuable data on carcinogenicity have come from epidemiological studies, in which the appearance of a significant number and grouping of afflicted individuals can be correlated with a unique array of conditions. Note the emphasis on correlation, because these data in no way demonstrate causation. If properly generated, carefully interpreted, and put to use in a correct manner, such studies can be of great value.

A good example of the use of epidemiological data dates back to the late 1700s and the use of the first systematic vaccination. Edward Jenner, a surgeon, noted that milkmaids did not succumb to smallpox. These epidemiological data allowed Jenner to correlate the exposure of these women to cowpox (which, unknown to him, was caused by the virus vaccinia) and led him to inoculate the population with the milder disease, which is how the ultimately successful control of smallpox by vaccination was begun.

There are practical drawbacks to this form of investigation, however. The most immediately apparent is time. It often takes as many as thirty years for adverse health effects to become apparent, during which time harmful conditions can spread and accumulate. In such situations, however, the effects are often very small or slow to appear; when the effects are of a large magnitude, the lag time is often considerably shorter.

A second drawback, much more difficult to deal with, is the question of variables. How do you know whether what you think is responsible for adverse effects is really the agent of influence? Because of inevitable differences in mobility, health habits, dietary preferences, standards of living, workplace conditions, drinking-water supplies, and so on, population studies must deal with this difficult problem. To isolate the causal factors is a highly difficult task, and poorly designed or poorly interpreted studies will often obscure rather than enlighten.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The use of epidemiological statistics, therefore, is fraught with pitfalls, for if interpreted in an unscientific manner they can lead to erroneous and alarming conclusions. Periodically we hear of the discovery of a cluster of cancer cases, often involving children. In addition to provoking a great deal of fear, the publicizing of these clusters is usually accompanied by demands for a ban on this or that substance. A careful reading of the statistics, however, usually shows that the clusters are in fact an expected statistical grouping when the data are viewed on a national basis, one that might be considered a coincidence that will occur periodically. Although clusters are not commonplace, they are within the realm of what is predictable. If they exceed that statistical possibility, they then offer clues that warrant further investigation.

Smoking and sunbathing

The assumptions behind the entire cancer-scare phenomena are that the vast majority of cancers are due to artificial substances and that the proper commitment and vigilance can produce a society free of risk. However, based on calculations by the International Agency for Research on Cancer, many investigators estimate that 80 to 90 percent of cancers are environmentally induced. Moreover, most researchers believe more than 80 percent of these "environmental" cancers can be accounted for by naturally occurring agents within foodstuffs, and such "personal choice" factors as smoking and exposure to sunlight.

Initially discovered by epidemiological studies, the role of smoking as a cancer-causing agent has been corroborated by laboratory and pathological studies. Smoking is by far the largest single source of cancer in the United States. Of the 435,000 deaths each year directly attributable to this habit, over 118,000 are from lung cancer—75 percent of the total of 157,000 lung cancer deaths. Since 1987 lung cancer has killed more women than has breast cancer, directly reflecting the increase in smoking by women. The degree of smoking is related to the risk; those who smoke two or more packs per day have lung-cancer mortality rates fifteen to twenty-five times those of non-smokers. Additionally, in 1987 smoking caused over 49,000 deaths from bladder, uterine, cervix, pancreas, and oral cancers. If the rising incidence of cancers associated with cigarette smoking were eliminated, the U.S.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

population would show no increase in cancer mortality, after adjustment for age, for the last sixty years.

Another highly preventable cause of cancer is melanoma, whose incidence is increasing at the rate of 4 percent per year. The most serious of skin cancers, melanoma will occur in about 28,000 people this year, and about 6,500 will die. The largest risk factor for this malignancy appears to be excessive exposure to the sun, particularly for those with fair complexions. Protection from sunburn, especially for children, could significantly reduce the incidence of this cancer.

Some researchers, such as John Weisburger of the American Health Foundation, believe that 40 to 50 percent of cancer deaths in the U.S. are diet-related. High fat and high calorie intake, excessive alcohol consumption, mold-produced toxins that commonly contaminate grains and nuts, and chemicals naturally present in certain foods are thought to play the major role in the induction of these cancers. Food additives and agricultural chemicals, by contrast, are believed to be insignificant. Others currently hypothesize that some natural substances in the diet act as modifying factors; they do not directly cause cancer but rather set the stage for later development of the disease.

According to the American Medical Association, "Industrial radioactivity, chemicals, and substances such as asbestos account for only about one to two percent of all cancers." This is why, aside from the effects of smoking and sunbathing, there has been virtually no increase in the incidence of cancer since the 1930s, despite the substantial increases in industrialization and use of chemicals that have occurred during that time.

It is true that industrial by-products can produce deleterious health effects, but such risks can be minimized by appropriate safeguards. At the same time, only with the continued development and expanded use of new technologies will cancer and other diseases be understood and cured. Despite the fantasies of some about the healthiness of pre-industrial times, the statistics show that the development of industries leads to a substantial improvement in the overall health of society.

The question of technological improvement can be viewed in another way. Certain rat studies concluded initially that subcutaneous injections of penicillin produced tumors in a few cases. Should penicillin have been banned to diminish the risk of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cancers? Or were we correct in assuming that the benefits for societal health of using this modern medical technology were immeasurably greater than the benefits offered by banishing it as a possible carcinogen?

There is a great need to educate the population about cancer. Decisions on such matters as pesticide use, toxic chemical cleanup, water safety, and scientific/technological development, with their momentous implications for our physical and economic well-being, require input from a fully informed populace. Regulatory standards for determining carcinogenicity must be developed that reflect the current knowledge of the biology of cancer, epidemiology, and test methodologies. Individual citizens should worry less about industrial carcinogens and more about such mundane and preventable causes of cancer as smoking.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CONTRIBUTORS

NATHAN GLAZER is co-editor of *The Public Interest*.

RICHARD B. MCKENZIE is Walter B. Gerken Professor of Enterprise and Society in the Graduate School of Management at the University of California, Irvine.

STEPHEN MOORE is director of fiscal policy studies at the Cato Institute.

CHARLES MURRAY is Bradley Fellow at the American Enterprise Insititute. R.J. HERRNSTEIN is Edgar Pierce Professor of Psychology at Harvard University.

RICHARD D. POLLAK, a cell biologist, received his Ph.D. from the University of Wisconsin Medical School. He is currently assistant professor of science at St. John's University.

BERNARD SEMMEL is Distinguished Professor of History at the Graduate Center of The City University of New York.

PETER SKERRY is director of Washington programs for the UCLA Center for American Politics and Public Policy, and a staff associate at the Brookings Institution.

JACKSON TOBY is professor of sociology and director of the Institute for Criminological Research at Rutgers University. DAVID J. ARMOR is visiting professor of sociology at Rutgers University.

CAROLYN L. WEAVER is director of Social Security and Pension Studies at the American Enterprise Institute. She is the editor of *Disability and Work: Incentives, Rights, and Opportunities* (The AEI Press, 1991).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STATEMENT OF OWNERSHIP, MANAGEMENT, AND CIRCULATION

(Required by 39 U.S.C. 3685)

1A. Title of publication: *The Public Interest*. 1B. Publication no.: 00333557. 2. Date of filing: September 30, 1991. 3. Frequency of issue: Quarterly. 3A. No. of issues published annually: Four. 3B. Annual subscription price: $21.00. 4. Complete mailing address of known office of publication: 1112 16th Street, NW, Suite 530, Washington, DC 20036. 5. Complete mailing address of the headquarters of general business offices of the publisher: *The Public Interest*, 1112 16th Street, NW, Suite 530, Washington, DC 20036. 6. Full names and complete mailing addresses of Publisher, Editors, and Managing Editor: Publisher, National Affairs, Inc., *The Public Interest*, 1112 16th Street, NW, Suite 530, Washington, DC 20036. Editors, Irving Kristol and Nathan Glazer, *The Public Interest*, 1112 16th Street, NW, Suite 530, Washington, DC 20036. Managing Editor, Vincent Cannato, *The Public Interest*, 1112 16th Street, NW, Suite 530, Washington, DC 20036. 7. Owner: National Affairs, Inc. (nonprofit), 1112 16th Street, NW, Suite 530, Washington, DC 20036. 8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total bonds, mortgages or other securities: None. 9. The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes has not changed during the preceding twelve months.

10. Extent and nature of circulation:	*Average no. copies each issue during preceding 12 months*	*Actual no. copies of single issue published nearest to filing date*
A. Total no. copies:	8,979	8,840
B. Paid circulation:		
1. Sales through dealers and carriers:	1,905	1,854
2. Mail subscriptions:.	5,717	5,621
C. Total paid circulation:.	7,622	7,575
D. Free distribution:.	459	462
E. Total distribution:.	8,081	8,037
F. Copies not distributed:		
1. Office use, leftovers, etc.:.	681	643
2. Returns from news agents:.	217	160
G. Total:.	8,979	8,840

11. I certify that the statements made by me above are correct and complete: Vincent Cannato, Managing Editor.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED